



Investor Presentation

December 2020

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Forward-Looking Statements & Non-GAAP Measures



Forward-Looking Statements

This presentation, including information incorporated by reference, contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact, including statements regarding guidance, industry prospects or future results of operations or financial position, expected sources of incremental margin, strategy, financing needs, future capital expenditures and the outcome or effect of ongoing litigation, are forward-looking. This presentation uses words such as "anticipate," "believe," "expect," "estimate," "forecast," "goal," "intend," "objective," "plan," "project," "seek," "strategy," "target," "will" and similar expressions to identify forward-looking statements. These forward-looking statements are based on the beliefs and assumptions of management at the time that these statements were prepared and are inherently uncertain. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to, general economic conditions on an international, national, state and local level; weather conditions in SJI's marketing areas; changes in commodity costs; changes in the availability of natural gas; "non-routine" or "extraordinary" disruptions in SJI's 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, suppliers or business partners to fulfill their contractual obligations; changes in business strategies; and public health crises and epidemics or pandemics, such as a novel coronavirus (COVID-19). These risks and uncertainties, as well as other risks and uncertainties that could cause our actual results to differ materially from those expressed in the forward-looking statements, are described in greater detail under the heading "Item 1A. Risk Factors" in our Quarterly Reports, SJI's and SJG's Annual Report on Form 10-K for the year ended December 31, 2019 and in any other SEC filings made by SJI or SJG during 2019 and 2020 and prior to the filing of this earnings release. Also refer to the additional risk factor described below: Our business could be materially and adversely affected by a public health crisis or the widespread outbreak of contagious disease, such as the recent outbreak of respiratory illness caused by a novel coronavirus (COVID-19), which has been declared a pandemic by the World Health Organization in March 2020. The continued spread of COVID-19 across the world has led to disruption and volatility in the global capital markets, which increases the cost of capital and adversely impacts access to capital. Additionally, our reliance on third-party suppliers, contractors, service providers, and commodity markets exposes us to possibility of delay or interruption of our operations. For the duration of the outbreak of COVID-19, legislative and government action limits our ability to collect on overdue accounts, and prohibits us from shutting off services, which may cause a decrease in our cash flows or net income. These suspensions of shut downs of service for non-payment will go through at least March 15, 2021 based on an executive order issued by the Governor of New Jersey, in which water, gas and electricity providers are barred from cutting services to New Jersey residents. We have been executing our business continuity plans since the outbreak of COVID-19 and are closely monitoring potential impacts due to COVID-19 pandemic responses at the state and federal level. As expected, we have incurred operating costs for emergency supplies, cleaning services, enabling technology and other specific needs during this crisis which have traditionally been recognized as prudent expenditures by our regulators. The effects of the pandemic also may have a material adverse impact on our ability to collect accounts receivable as customers face higher liquidity and solvency risks, and also considering the inability to shut down services as noted above. Currently, the impact of the pandemic to the collectability of our accounts receivable is an unknown and continues to be monitored, but such receivables have traditionally been included in rate recovery. Our infrastructure investment programs continue to move forward, and construction activity that was delayed in accordance with directives from the Governor of New Jersey have since continued; however, to the extent the pandemic worsens or a similar directive is put in place in the future for a long period of time, our capital projects could be significantly impacted. It is impossible to predict the effect of the continued spread of the coronavirus in the communities we service. Should the coronavirus continue to spread or not be contained, our business, financial condition and results of operations could be materially impacted, including impairment of goodwill or access to capital markets, which in turn may have a negative effect on the market price of our common stock. No assurance can be given that any goal or plan set forth in any forward-looking statement can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date they are made. SJI and SJG undertake no obligation to revise or update any forward-looking statements, whether as result of new information, future events or otherwise, except as required by law.

Non-GAAP Measures

Management uses the 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 financial performance. We define Economic Earnings as: Income from continuing operations, (i) less the change in unrealized gains and plus the change in unrealized losses on non-utility derivative transactions; and (ii) less the impact of transactions, contractual arrangements or other events where management believes period to period comparisons of SJI's operations could be difficult or potentially confusing. With respect to part (ii) of the definition of Economic Earnings, several items are excluded from Economic Earnings for the three and nine months ended September 30, 2020 and 2019, consisting of the impact of pricing disputes with third parties, impairment charges recorded on solar generating facilities, costs incurred and gains recognized related to the acquisitions of EnerConnex and Annadale (fuel cell projects), costs to prepare to exit the transaction service agreement (TSA), costs incurred and gains/losses recognized on sales of solar, MTF/ACB, and ELK, costs incurred to cease operations at three landfill gas-to-energy-production facilities, severance and other employee separation costs, and a one-time tax adjustment resulting from SJG's Stipulation of Settlement with the BPU. See (A)-(F) in the table below. Economic Earnings is a significant financial measure 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, as well as the impact of contractual arrangements and other events that management believes make period to period comparisons of SJI's operations difficult or potentially confusing. Management uses Economic Earnings to manage its business and to determine such items as incentive/compensation arrangements and allocation of resources. 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.



Management on Today's Call



Mike Renna
President and Chief Executive Officer, SJJ



Steve Cocchi
Senior Vice President and Chief Financial Officer, SJJ



Overview

Business Operations Continue to Function Effectively During the Pandemic

Liquidity

- **LIQUIDITY:** Strengthened liquidity to ensure funding of 2020 capital program; Confident in ability to manage through impacts
- **COLLECTIONS:** To date, we have seen a manageable impact on accounts receivable; continue to monitor very closely
- **PENSION:** No near-term cash requirements

Financial

- **CAPEX:** While certain construction programs were temporarily halted, we are back to normal operation. Expect an uptick in construction activity for balance of the year to meet budgeted spend
- **O&M:** While we have incurred modest incremental operating costs due to the virus, NJBPU has authorized deferral for future recovery

Utility Operations

- **SERVICE:** Operations and delivery of natural gas to customers have not been materially impacted and have not experienced significant reductions in sales volumes
- **WORKFORCE:** Through proper planning and the innovative use of technology, all our employees have been working productively -- from employees in the field to those working from home

Regulatory

- **COST RECOVERY:** NJBPU has authorized deferral of incremental costs and bad debt for future recovery
- **PENDING PROCEEDINGS:** NJBPU continues to hold regular commission agenda meetings. SJG base rate case filing remains on track for resolution in Q4 2020

Significant Organizational Improvement Across The Board, Transformation to ~80% Regulated Business Profile

Balance Sheet Strength

- Secondary Equity Offerings to Finance Regulated Strategy and Support Credit Profile (2016, 2018, 2020)
- Asset Sale Proceeds Used to Reduce Leverage (2018-2020)
- Settled Equity Forward Agreement (2019)
- Debt Refinancing Actions to Improve Near-Term Liquidity Profile (2020)
- Incremental Equity Issuances to Enhance Capital Structure and Support Utility Investments

Lowered Risk Profile

- Transformation to ~80% Regulated Business Profile
- Majority of Long-Term Capex Anticipated in Regulated Assets
- Elizabethtown and Elkton Acquisitions (2017)
- Non-Utility Asset Sales (2016-2020)
- Established Midstream Segment with PennEast Project (2015)
- Expanded Fuel Management Activities (2015-2020)

Improved Earnings Quality

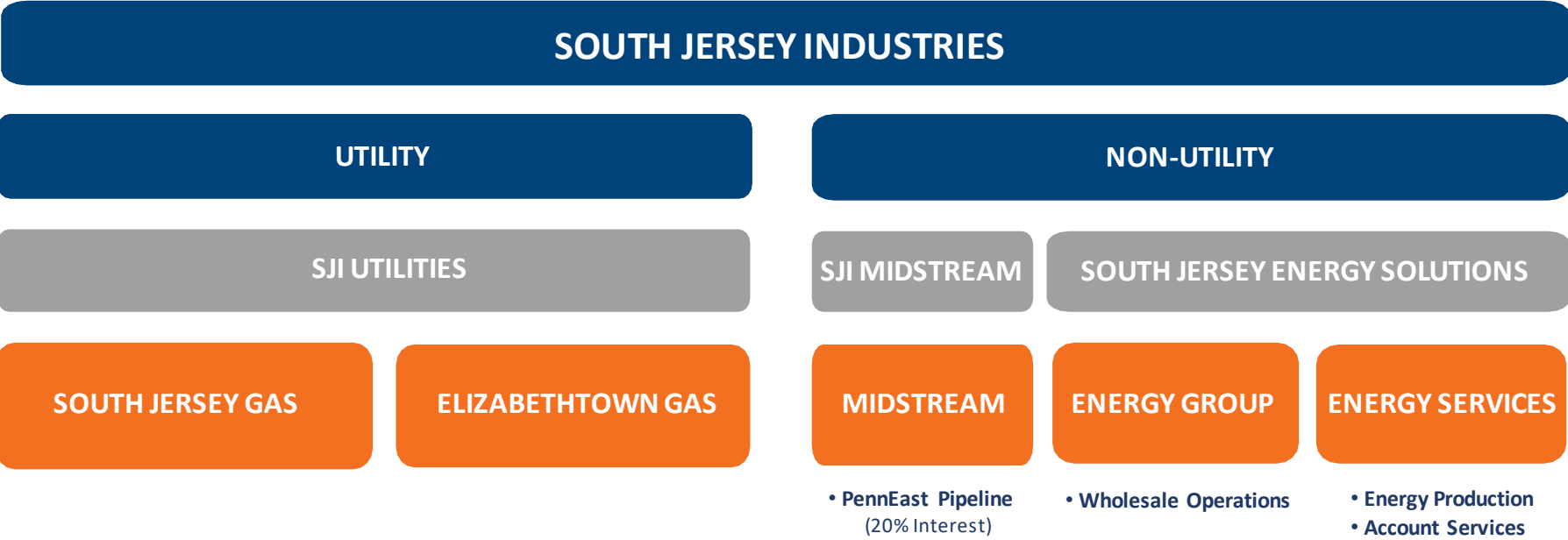
- Sharply Reduced Legacy Renewable Development/Investment (2016)
- Reduced On-Site Energy Business Portfolio (2016)
- Solar Assets Sold (2018)
- Retail Gas Marketing Assets Sold (2018)
- CHP Assets Sold (2020)
- Elkton Gas Sold (2020)

Economic Earnings Expansion

- Customer Growth Driven by Gas Conversions and New Construction
- SJG AIRP & SHARP Infrastructure Replacement Program extensions
- ETG IIP Infrastructure Investment Program Approved
- Constructive Rate Case Outcomes
 - ETG Rate Case Settled (2019)
 - SJG Rate Case Settled (2020)
- Pandemic Recovery Opportunities
- Clean Energy Investment Opportunities

Overview

Organizational Structure



Overview

Recent Successes and Future Initiatives



	Recent Successes	Future Initiatives
Regulatory Initiatives	<ul style="list-style-type: none"> • SJG: \$39.5M Increase in Base Rates Effective October 1, 2020 • ETG: \$34.0M Increase in Base Rates Effective Nov 15, 2019 • ETG: Infrastructure Investment Program (IIP) Effective July 2019 	<ul style="list-style-type: none"> • SJG/ETG Energy Efficiency Programs (Filed Q3 2020) • ETG Conservation Incentive Program (Filed Q3 2020) • SJG Infrastructure Investment Program (Filed Q4 2020)
Customer Growth	<ul style="list-style-type: none"> • 13,000+ new customers added LTM; 1.5%+ Annualized Growth 	<ul style="list-style-type: none"> • Expected 1.5%+ Annualized Growth
Business Transformation	<ul style="list-style-type: none"> • ETG Integration: People, Processes and Technology • Non-Core Asset Sales (Legacy Solar/Retail Gas/CHP/Elkton Gas) • Wholesale Marketing Portfolio Reshaped/Reduced 	<ul style="list-style-type: none"> • Cease Operations at One Remaining Landfill • New Fuel Management Service Opportunities
Clean Energy Investment	<ul style="list-style-type: none"> • Targeted Solar Investment at SJI Corporate Facilities/NJ Projects • Fuel Cell Investment through newly-formed Renewable JV (Catamaran) 	<ul style="list-style-type: none"> • Evaluating Renewable Natural Gas (RNG) Opportunities • Evaluating Power-To-Gas (Hydrogen) Opportunities
Balance Sheet	<ul style="list-style-type: none"> • Liquidity Enhancement and Reduction of Near-Term Debt Maturities • Equity Issuance via ATM, resolving equity funding need for 2020 • Enhanced Credit Through Revolver Modernization 	<ul style="list-style-type: none"> • Continued Improvement in Credit Metrics • Debt/Equity to Support Regulated Strategies • Maintain 55-65% Target Dividend Payout



Overview

Long Track Record of Commitment to ESG Priorities



Environmental
✓ Collaborate with DEP and our state regulators to support effective environmental, health and safety standards and regulations
✓ Infrastructure built and monitored efficiency to minimize leaks
✓ Capital investment in remediation efforts and infrastructure
✓ 200+ CNG vehicles across our fleet
✓ Anticipate over 500 tons of carbon emissions will be reduced at the current pipe replacement rate

Social
✓ Safety is the organization's non-negotiable top priority
✓ Commitment to supplier diversity
✓ 51% workforce diversity across 1,100+ employees
✓ Focused attention on Diversity, Equity, and Inclusion efforts and programs
✓ Investment in the Customer Experience
✓ Significant contributions to support community and local non-profit organizations
✓ Health and financial wellness programs to support employee engagement
✓ Corporate giving and employee giving and volunteerism programs

Governance
✓ 30% of SJI's board members are female
✓ 90% of board members are considered independent
✓ 80% of board members have tenure of 10 years or less
✓ Mandatory retirement age at 75
✓ Annual independent third-party effectiveness evaluation
✓ Annual independent board compensation evaluation
✓ In the past three years 2 Directors have retired and 2 Directors were added



SJI Utilities

SJI Utilities

Overview



Utility

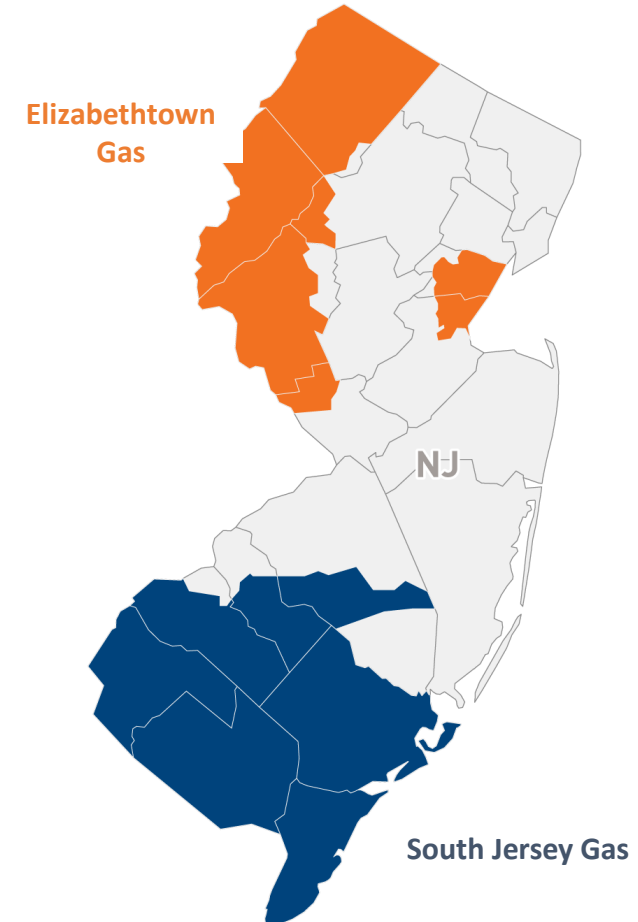
SJI Utilities

South Jersey
Gas

Elizabethtown
Gas

- Gas distribution utilities – South Jersey Gas (SJG) and Elizabethtown Gas (ETG)
- ~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 #3 in the nation in per capita income and #8 for GDP *

Largest Stand-Alone Natural Gas Utility in New Jersey



* Source: Per Capita Income from U.S. Census Bureau (2018) and GDP from U.S. Bureau of Economic Analysis (2018)



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
- Leverage best of best

➤ Benefits of Strong Safety Culture

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

Customer Experience Focused

➤ Top JD Power Customer Satisfaction Scores

- ETG is #1 in peer group for 6th consecutive year
- SJG is #4 in same peer group

➤ Cultural Maturity Curves

- SJG Improvement Initiative
- ETG'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



➤ Overview

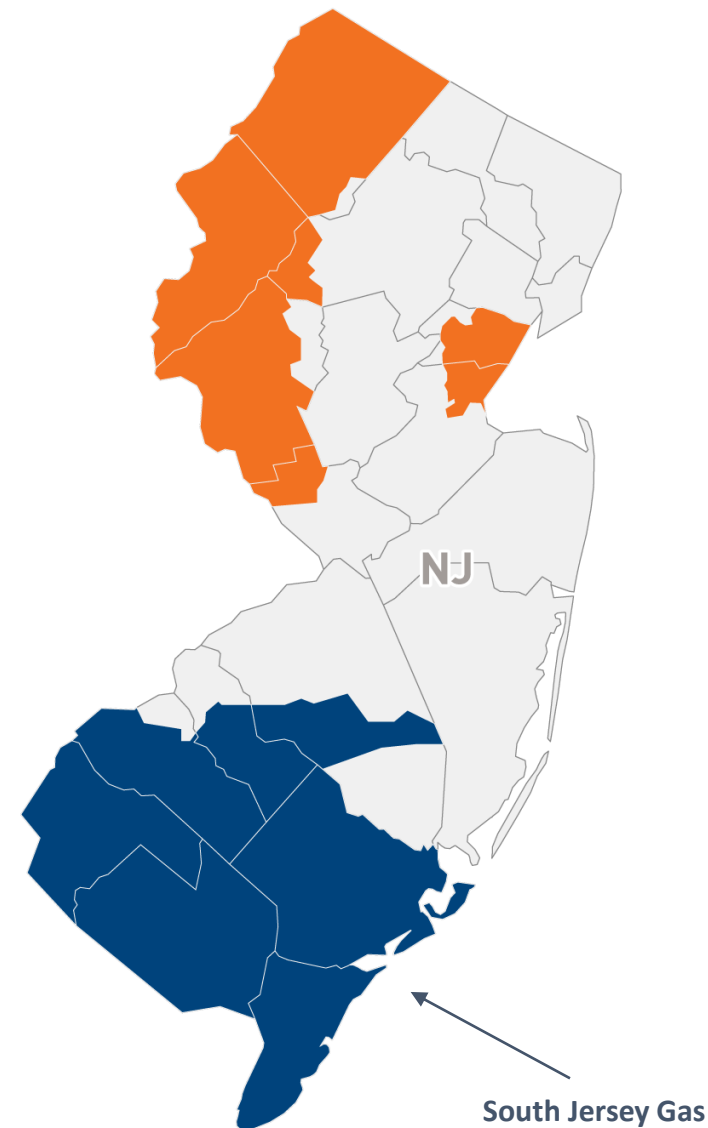
- ~400,000 customers served in southern New Jersey
- Mix of urban, suburban, rural and coastal communities
- Service territory covers more than 2,500 square miles
- ~6,600 miles of distribution pipeline
- ~70% gas saturation in service area
- Regulated by the NJ Board of Public Utilities

➤ Regulatory Construct

- Authorized rate base: ~\$2.1B
- Authorized ROE: 9.6%
- Authorized Equity Component 54.0%
- Authorized Trackers: Decoupling (CIP), Infrastructure Modernization (AIRP and SHARP), Energy Efficiency (EET), Environmental Costs (RAC)
- Last Rate Case: \$39.5 million revenue increase effective 10/1/20

➤ Growth Drivers

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





➤ 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

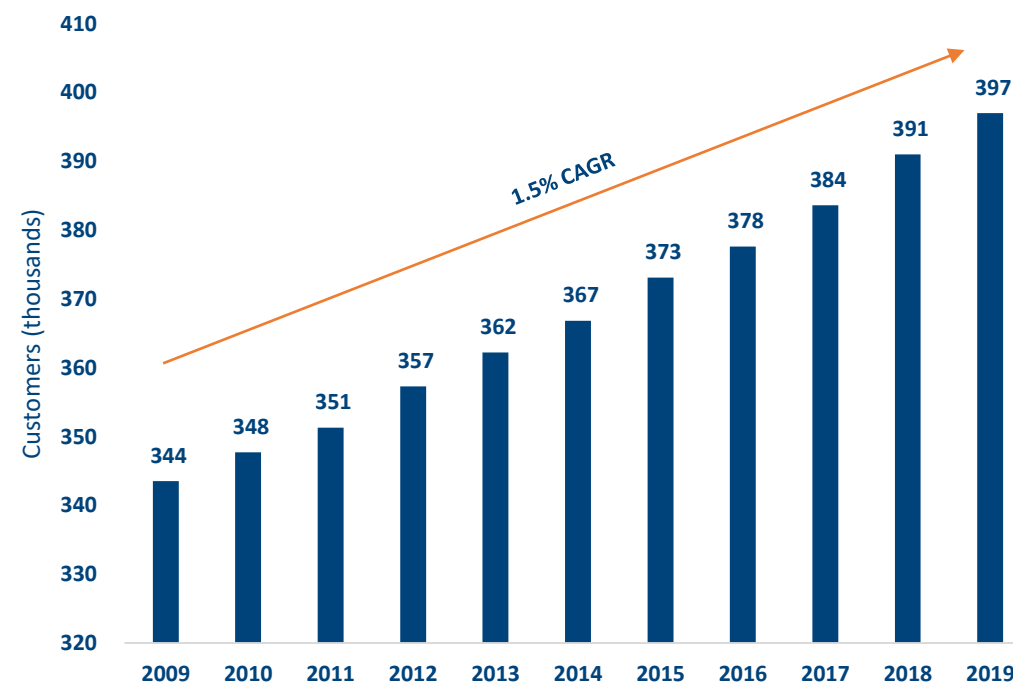
➤ Conversion Opportunity

- 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 1.5% 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



Elizabethtown Gas | Overview

➤ Overview

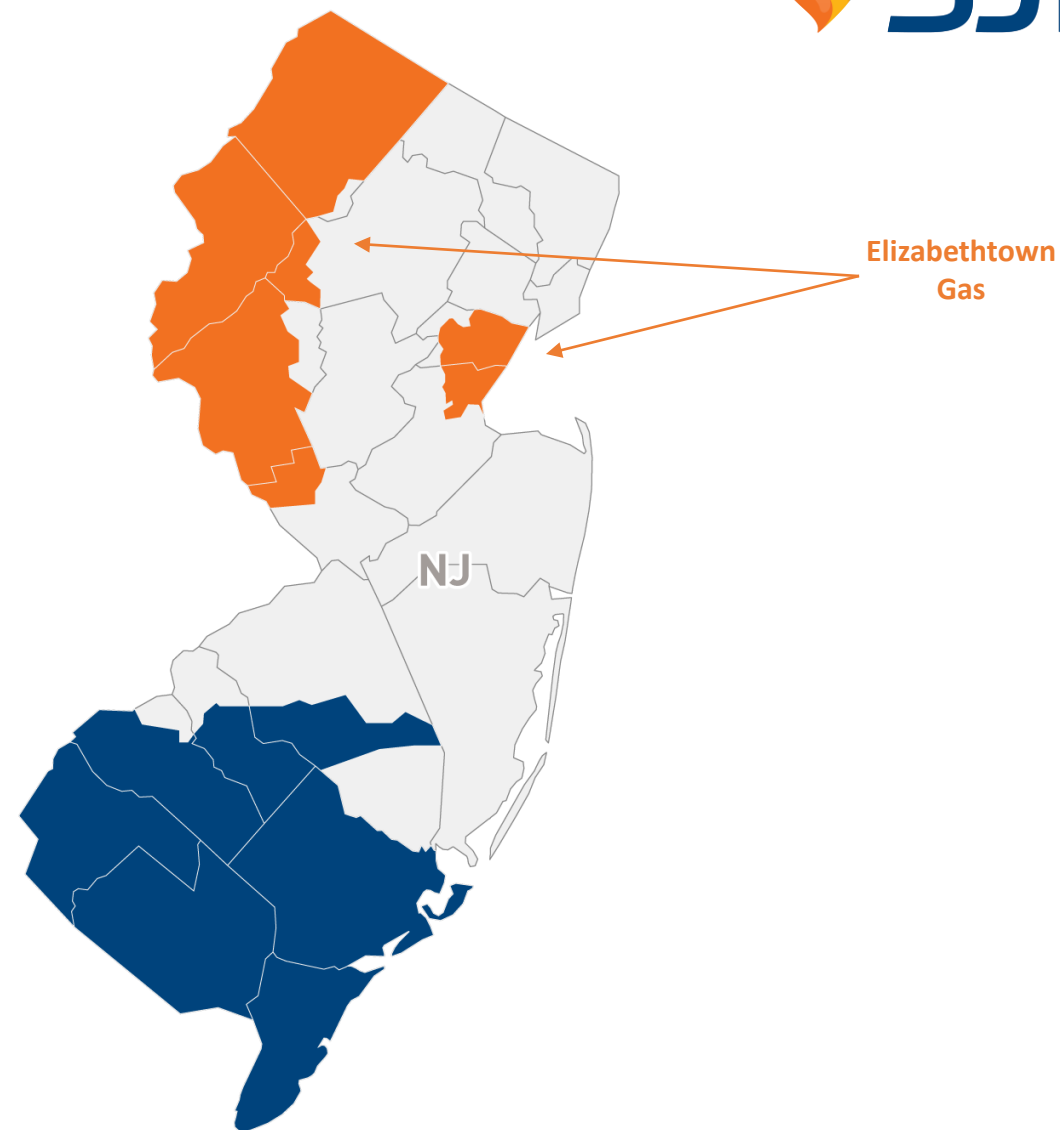
- ~300,000 customers served in northern New Jersey
- Densely populated service area in Union; Sparsely populated in Western service area
- ~3,200 miles of distribution pipeline
- Regulated by the NJ Board of Public Utilities

➤ Regulatory Construct

- Authorized rate base: ~\$1.0B
- Authorized ROE: 9.6%
- Authorized Equity Component: 51.5%
- Authorized Trackers: Weather Normalization, Infrastructure Modernization (IIP), Energy Efficiency (EEP), Environmental Costs (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



Elizabethtown
Gas

Elizabethtown Gas | Customer Growth

➤ 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

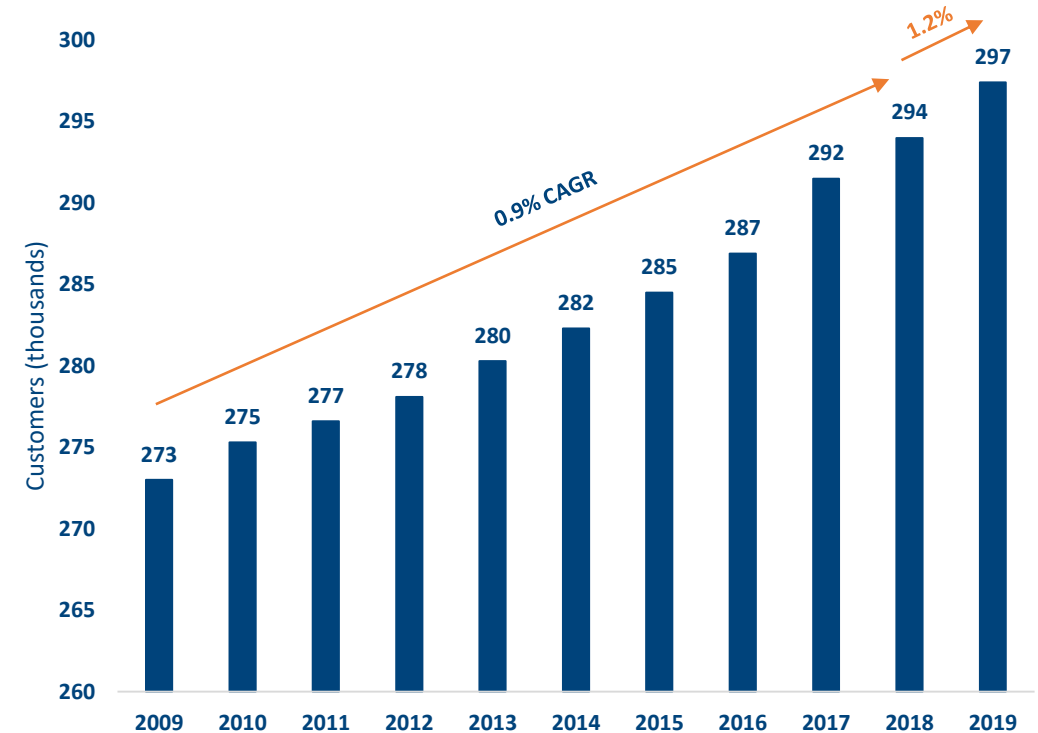
➤ Conversion/Additional Load Opportunity

- 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 1.3% annualized growth 2018-2022**
- Opportunity to significantly increase 5-year customer growth rate closer to SJG rate (~1.5%) driven by enhanced focus on conversion opportunities
- Identifying and pursuing opportunities to introduce natural gas for new/different applications

Elizabethtown Gas (ETG) Customer Growth



Current Infrastructure Modernization Programs

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
- **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
- **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
- **Status: On track to complete replacement of 250 miles of cast iron and bare steel main by 2024**

SJG: Infrastructure Investment Program (IIP)

- SJG has made considerable investments over many years to modernize its natural gas system through its current infrastructure programs (AIRP/SHARP), which are expected to be completed in the first half of 2021
- In November, SJG filed a petition with the NJBPU seeking approval of an Infrastructure Investment Program (IIP) that would accelerate planned capital expenditures to enhance the delivery of safe, reliable, affordable natural gas, create jobs, and support the State's environmental goals
- Under the proposed five-year program, beginning in June 2021, SJG will invest approximately \$742.5 million to replace 825 miles of aging steel mains and install Excess Flow Valves (EFVs) on new service lines
- **Status: Resolution of IIP proposal expected in 1H 2021**

SJG: Energy Efficiency Program

- Since 2009, SJG has invested more than \$110 million in energy efficiency programs
- In September, SJG filed a request with the NJBPU seeking to expand the company's energy efficiency programs for three years, beginning in July 2021
- Proposed investments totaling approximately \$167 million encouraging customers to reduce energy usage and save money
- The implementation of the proposed program is expected to result in approximately \$201 million in customer bill savings, 481,957 tons in avoided CO2 emissions and the creation of nearly 3,000 jobs over three years
- **Status: Resolution of energy efficiency program proposal expected in 1H 2021**

ETG: Energy Efficiency Program / Conservation Incentive Program

- In September, ETG filed a request with the NJBPU seeking to expand the company's energy efficiency programs for three years, beginning in July 2021
- Proposed investments totaling approximately \$100 million encouraging customers to reduce energy usage and save money
- ETG also proposed a Conservation Incentive Program (CIP) that eliminates the link between usage and margin
- Implementation of the proposed program is expected to result in approximately \$185 million in customer bill savings, 576,670 tons in avoided CO2 emissions and the creation of over 2,000 jobs over 3-years
- **Status: Resolution of energy efficiency program and CIP program proposals expected in 1H 2021**

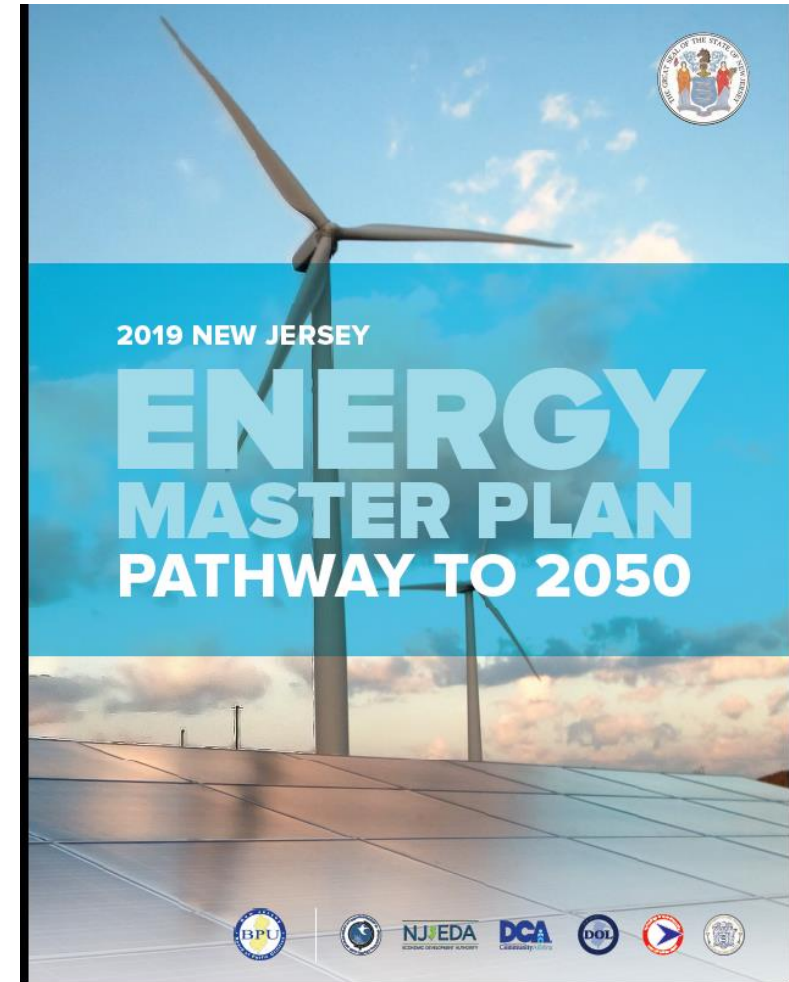
Clean Energy and Utility Decarbonization

Clean Energy and Utility Decarbonization

New Jersey Energy Master Plan



- The New Jersey Energy Master Plan (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
- The updated EMP outlines Murphy administration's goal of 100% clean energy by 2050
- The 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



Clean Energy and Utility Decarbonization

Historic Track Record of Support



■ REDUCING ENERGY CONSUMPTION/EMISSIONS

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

■ DEPLOYMENT OF RENEWABLE ENERGY

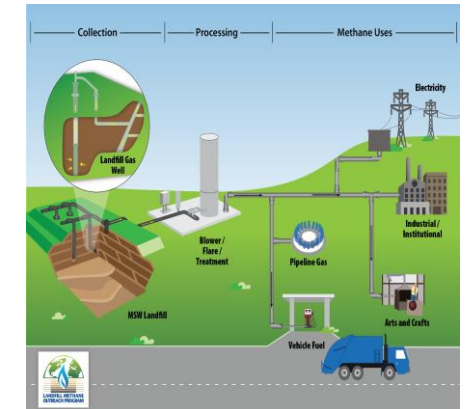
- ✓ Sizable investments in solar, combined heat-and-power (CHP), and landfill-to-electric generation

■ MAXIMIZING ENERGY EFFICIENCY

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

■ MODERNIZING VIA TECHNOLOGY

- ✓ Developed enterprise level environmental policy and management system



Clean Energy and Utility Decarbonization



Future Investment Opportunities

■ REDUCING ENERGY CONSUMPTION/EMISSIONS

- ✓ Extension and/or acceleration of replacement of aging infrastructure, improving safety and reliability for customers and reducing greenhouse gas emissions (GHG)
 - ETG: 5-10 years of bare-steel and cast-iron pipe remaining
 - SJG: sizable inventory of vintage plastic and coated-steel
 - Significant replacement need of vintage transmission infrastructure
- ✓ ETG Conservation Incentive Program (CIP) to encourage reduction in consumption

■ DEPLOYMENT OF RENEWABLE ENERGY

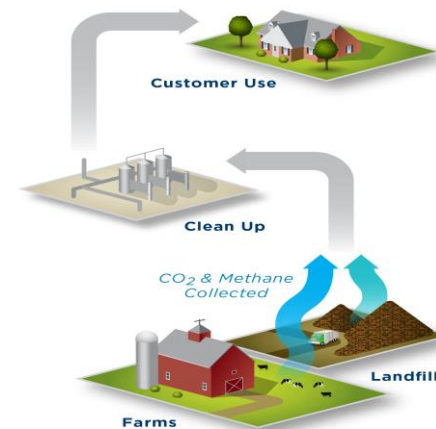
- ✓ Executing plan to invest in clean energy infrastructure; targeting solar at SJI corporate facilities, landfills, fuel cells and other clean energy generation projects
- ✓ Evaluating Renewable Natural Gas (RNG) opportunities

■ MAXIMIZING ENERGY EFFICIENCY

- ✓ Energy Efficiency proposals for SJG/ETG pending before NJBPU for increased investments and contemporaneous rate recovery at authorized ROE

■ MODERNIZING VIA TECHNOLOGY

- ✓ Evaluating Smart Meters and other new technologies (Power to Gas; Hydrogen)



Clean Energy and Utility Decarbonization

Renewables Joint Venture



SJI remains committed to investments that lower consumption and the carbon content of natural gas in support of regional clean energy goals

Overview

- In August, SJI formed Catamaran Renewables (Catamaran), a 50/50 joint venture between SJI subsidiary Marina Energy and renewable industry-leader Captona, to develop, own and operate renewable energy projects
- Collectively, Catamaran brings more than 1.3 GW of operational experience across all types of renewable energy and has financed more than \$1 billion in renewable energy transactions

Fuel Cell Project

- In August, announced the acquisition of two fuel cell projects in Staten Island, New York totaling 7.5 MW from NineDot Energy
- Projects have secured permits/interconnection rights; supported by long-term agreements with two creditworthy customers
- Marina owns 93% of projects and receives 93% of the ITC, cash flows and net income
- Projects qualify under New York's Value of Distributed Energy Resources (VDER) program; 75% of project revenues are fixed
- Anticipated total return in excess of authorized utility return

2020 Goals

- **Fuel Cell projects, combined with Solar investments earlier this year, satisfies SJI clean energy goals for 2020**



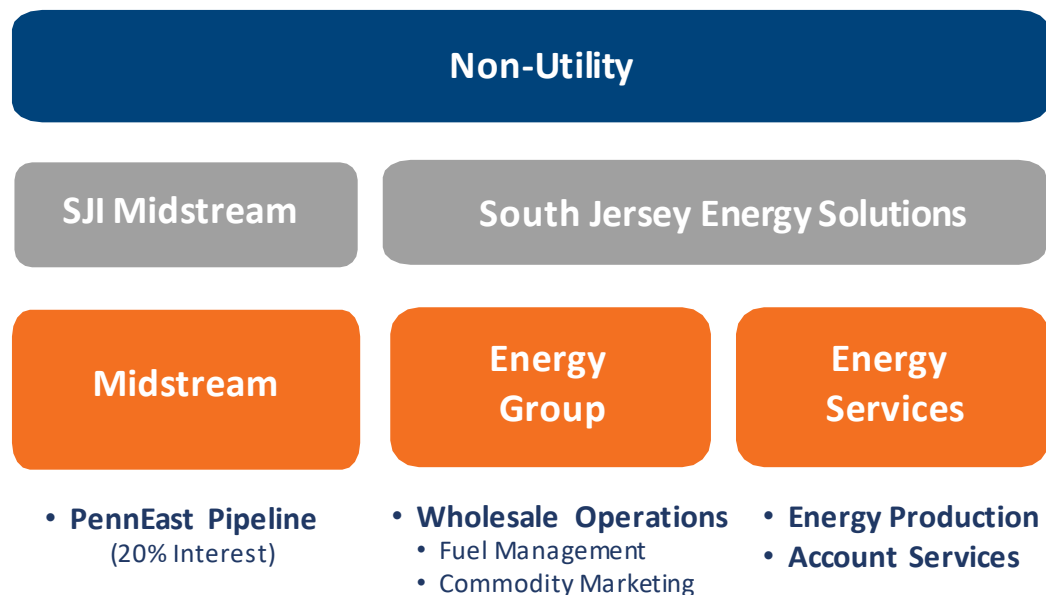
CATAMARAN
RENEWABLES



Non-Utility Operations

Non-Utility Operations

Overview



- ❖ Complementary businesses that support utility operations
- ❖ Provide positive net income while remaining modest portion of SJI overall earnings
- ❖ Historic earnings drivers include wholesale operations and AFUDC from PennEast Pipeline investment
- ❖ Energy production assets align with clean energy regional goals and produce positive earnings and ITC's



Non-Utility Operations

Midstream | PennEast Pipeline



Description

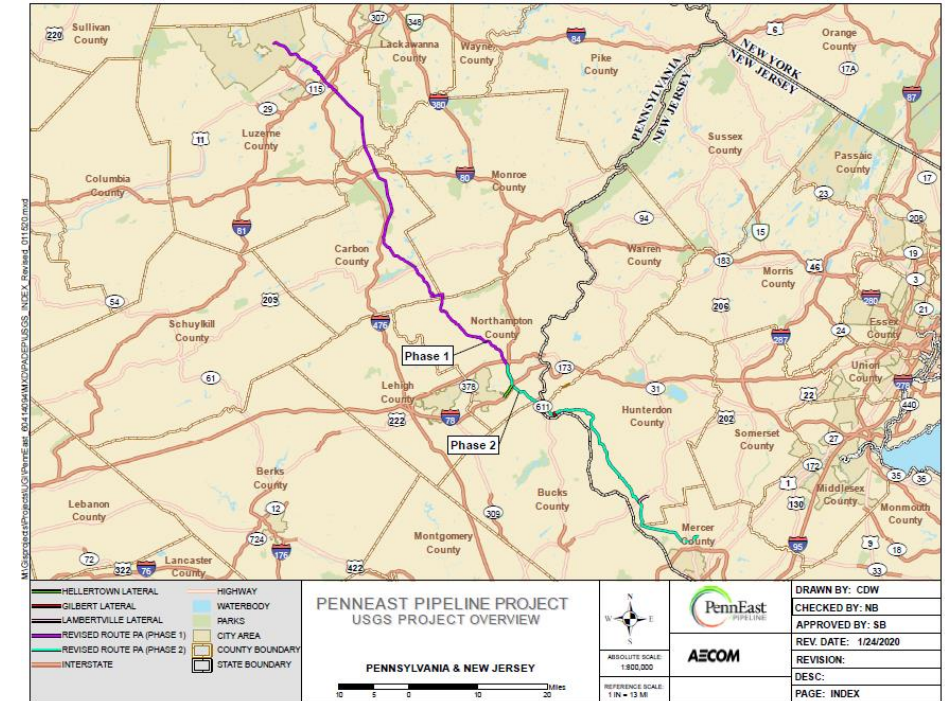
- 20% equity owner in 1.1 Bcf/d, 120-mile interstate pipeline from Marcellus region of PA into NJ
- Access to low cost supply; benefits customers and local economies
- \$200M+ expected investment with FERC level returns projected (\$86.9M invested as of June 30, 2020)
- 100% subscribed; 80%+ capacity under 15-year agreements

Recent Actions

- In January, PennEast filed with FERC requesting 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
 - Phase Two portion would include the remaining route in Pennsylvania and New Jersey, with a targeted completion of 2023
- In February, PennEast filed a Petition for Certiorari with the Supreme Court of the United States (SCOTUS) to review the Third Circuit's decision
- In June, SCOTUS requested the views of the U.S. Solicitor General regarding the issues presented in the petition
- In August, FERC staff announced that any Commission approval of a plan to divide the project into two phases would not constitute a major federal action significantly affecting the environment

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*



Non-Utility Operations

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 10 contracts
- Contract terms range from 2 to 17 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 merchant generators, utilities or other marketers
- Capitalize on 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 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	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	2022	5
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
Sunoco Refinery	Marcus Hook, PA	NA	13,000	2020	2022	2
TYR Energy (Hickory Run)	Lawrence Co, PA	1,000	162,000	2020	2025	5



Non-Utility Operations

Energy Services

➤ Energy Production

- Committed to investments that lower consumption and the carbon content of natural gas in support of NJEMP and regional clean energy goals
- SJI develops, owns and operates renewable energy projects
- Targeting ~\$200M total investment to align with clean energy regional goals
- On track for ~\$100M investment in 2020, driven by fuel cell project through Catamaran JV, as well as solar installations at corporate facilities and development projects
- Legacy operations include landfill-to-electric sites, which ceased operations in 2020, and are being evaluated for potential solar/RNG repurposing

➤ Account Services

- Meter Reading and Appliance Service Contracts
- Meter Reading: SJI and a joint venture partner read utility customer meters on a monthly basis for a fee
- Appliance Service Contracts: SJI receives commissions on appliance service contracts from a third party



CATAMARAN
RENEWABLES



2020 Financial Outlook

2020 Financial Outlook

Remaining Priorities



FINANCIAL PERFORMANCE

- Ongoing Economic Earnings at upper end of \$1.50 to \$1.60 per diluted share; ~75% from utility operations, excluding interest costs
- Capital spending ~\$600M, with ~\$500M for growth, safety and reliability for SJG/ETG customers

REGULATORY INITIATIVES

- Advance energy efficiency programs for SJG/ETG
- Advance proposal for Conservation Incentive Program (CIP) for ETG
- Advance proposal to extend SJG accelerated infrastructure replacement program (IIP)

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/ETG

SUPPLY/SYSTEM REDUNDANCY

- Advance critical non-pipeline supply solution for SJG

CLEAN ENERGY INVESTMENTS

- Execute clean energy investments that align with EMP and regional goals
- Evaluate additional opportunities in support of NJ economic recovery and regional clean energy goals



2020 Financial Outlook

Economic Earnings Guidance



SJI Expects 2020 Ongoing Economic Earnings At Upper End of \$1.50 to \$1.60 Per Diluted Share

Utility operations ~75% of earnings, excluding 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 interest costs

- Energy Services: \$100+ million in clean energy investment 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 asset sales and refinancing activities

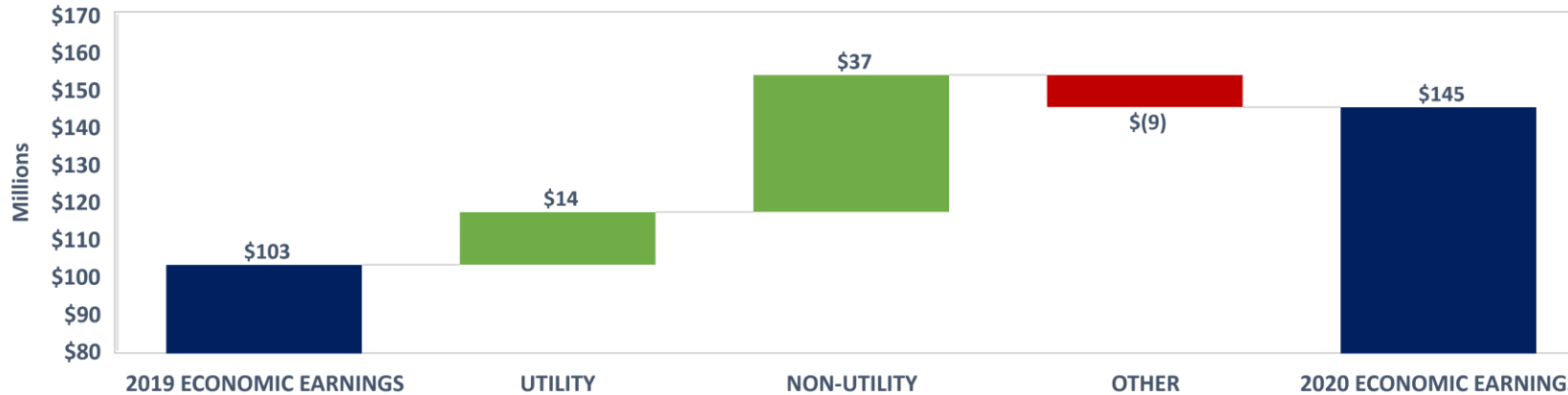
CONSOLIDATED	2020E ECONOMIC EARNINGS (\$millions, except EPS)
UTILITY	\$130 - \$140
NON-UTILITY	\$45 - \$55
OTHER	(\$35) - (\$45)
Total	\$140 - \$150
Diluted EPS *	\$1.50 - \$1.60
Capital Expenditures	\$625 - \$655

* 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 Midpoint Guidance



- **UTILITY:** ETG rate relief; 10,000+ new customers; infrastructure modernization investment; business transformation benefits and execution of SJG regulatory initiatives
- **NON-UTILITY:**
 - Energy Group \$10-15M driven by fuel management, reshaped wholesale portfolio and expiration of legacy contracts
 - Energy Services \$20-\$25M driven by solar investment in support of NJ Energy Master Plan (EMP) and legacy energy production activities
 - Midstream \$1M driven by AFUDC for PennEast Pipeline project
- **OTHER:** Interest on debt, net of debt repayments and refinancing

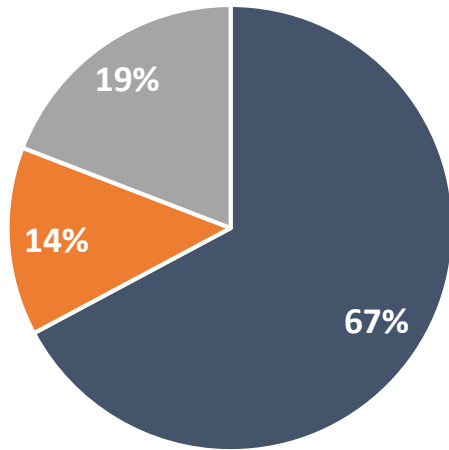


2020 Financial Outlook

Capital Expenditures



More Than 80% of Capital Expenditures Support Growth, Safety and Reliability for SJG and ETG Customers



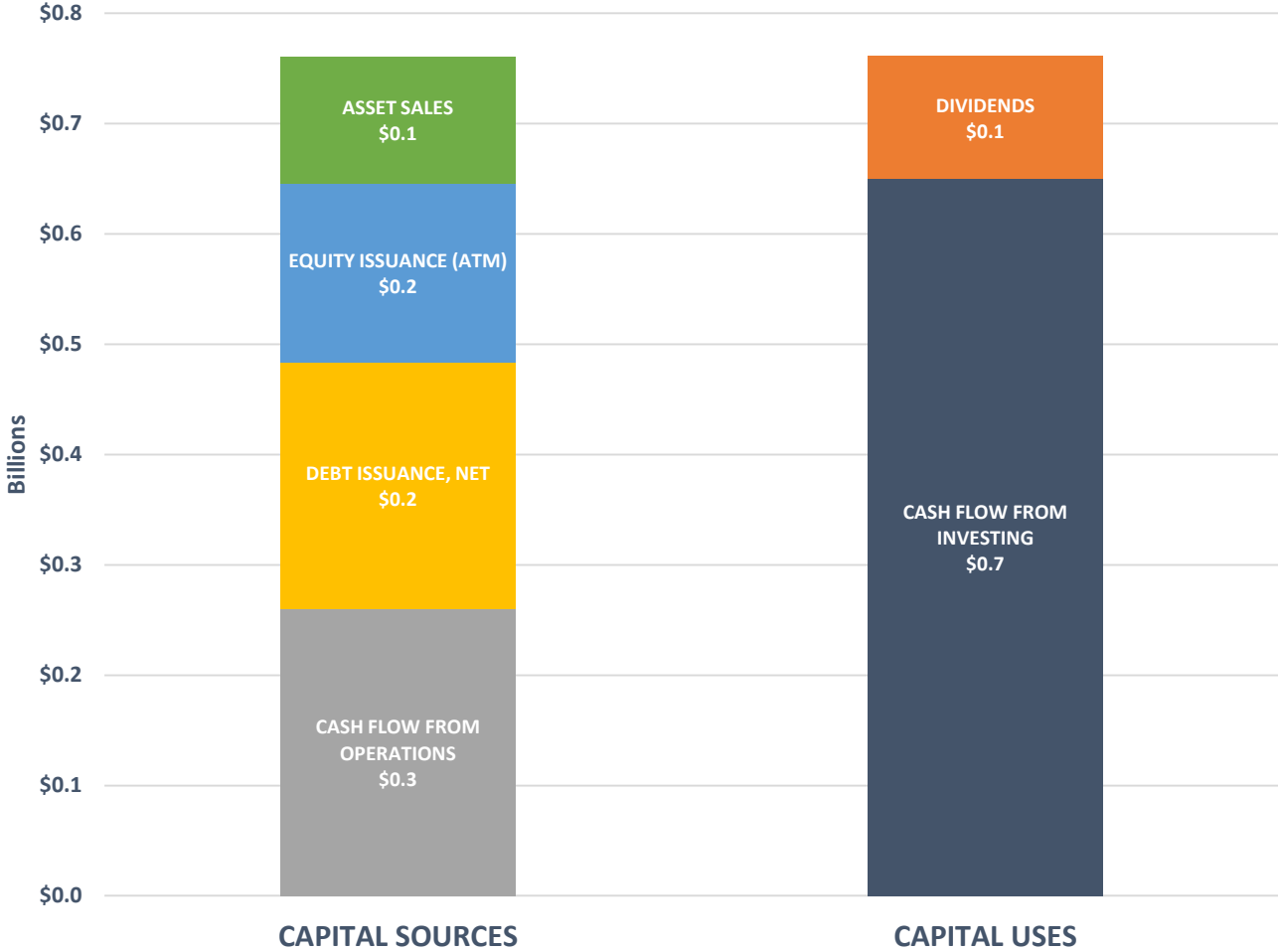
- Safety & Reliability
- New Business
- Clean Energy

Capital Expenditures	FY 2020 (\$millions)	Description
UTILITY	\$480 - \$500	
System Growth & Maintenance	\$210 - \$215	Projects to enhance the safety and reliability of SJG/ETG systems
Infrastructure Modernization	\$165 - \$170	Replacement of aging pipeline for SJG (AIRP, SHARP) and ETG (IIP)
New Business	\$85 - \$90	Addition of customers to SJG/ETG systems
Redundancy Projects	\$20 - \$25	Critical supply/system reliability investments for SJG/ETG customers
NON-UTILITY	\$145 - \$155	
Midstream	\$25 - \$30	Long-term contracted energy infrastructure projects (PennEast Pipeline)
Energy Group	\$10 - \$10	Investments supporting utilities, power generators and industrial customers
Energy Services	\$110 - \$115	Investments supporting goals of New Jersey Energy Master Plan (EMP)
Total Capital Expenditures	\$625 - \$655	



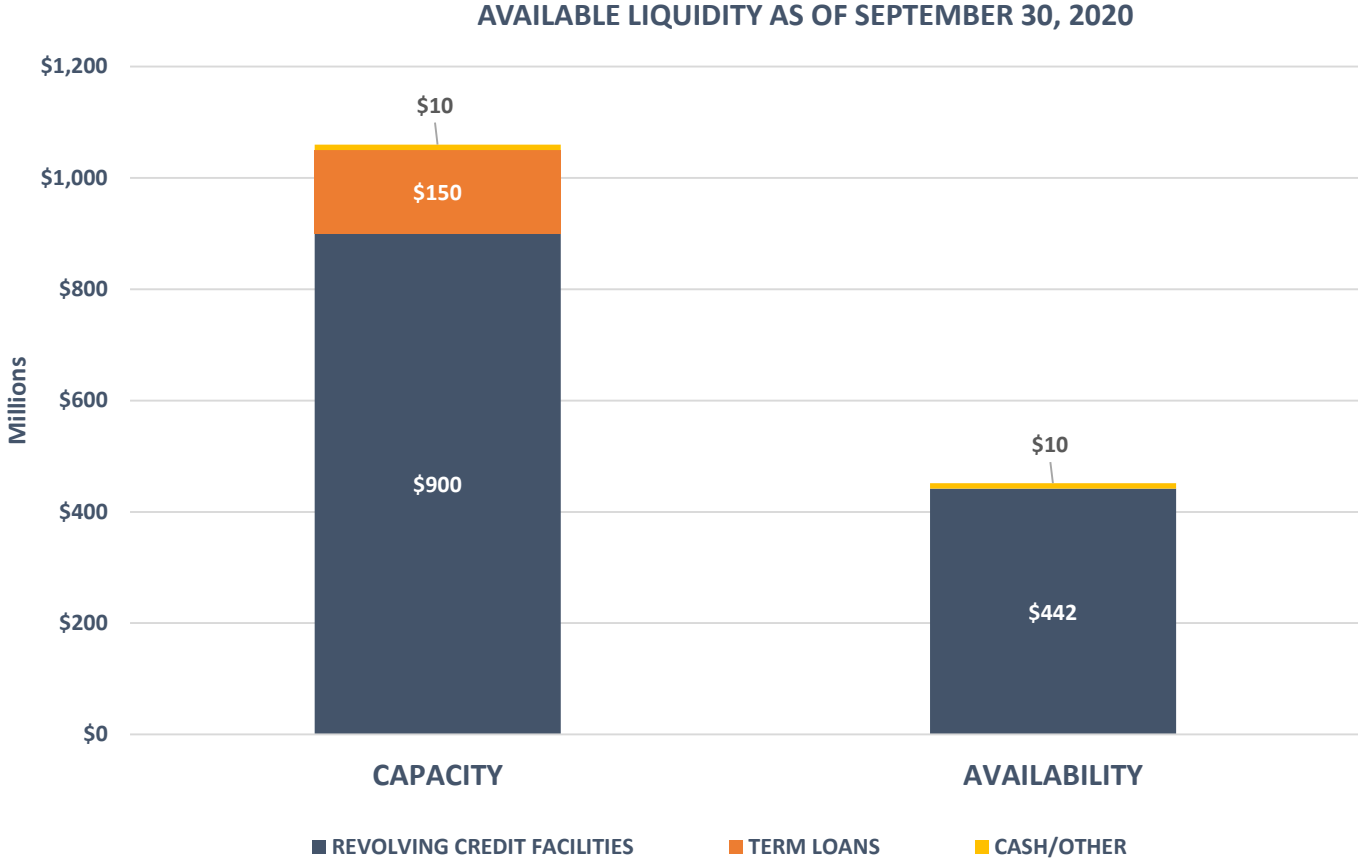
2020 Financial Outlook

Capital Sources and Uses





Solid Liquidity to Manage Through Impacts of COVID-19





Q&A

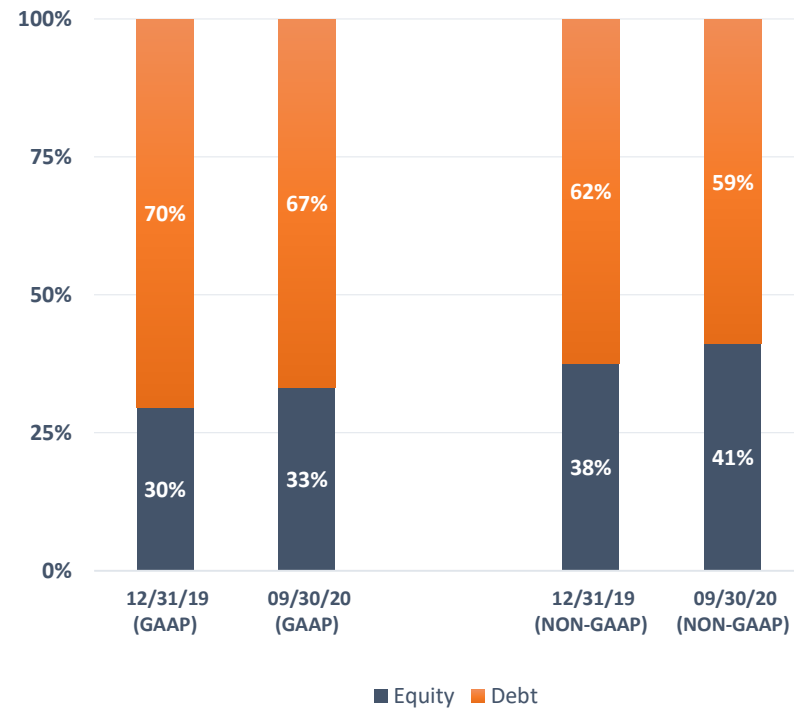
Appendix

Appendix

Total Capitalization



Equity/Total Cap Has Improved in 2020, Driven By Utility Cash Flow, Asset Sales, Debt Refinancing and ATM



Note: NON-GAAP assumes conversion of \$287.5M mandatory equity units in April 2021 and equity credit from rating agencies for long-duration debt

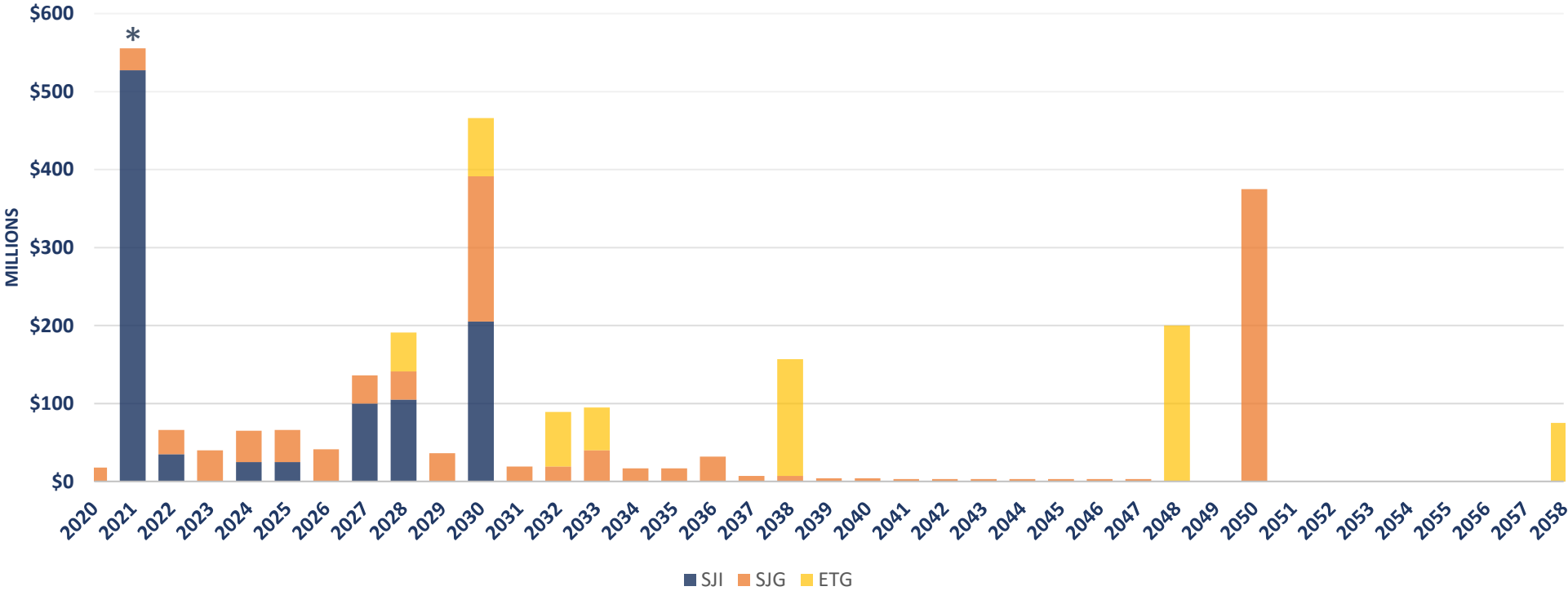


Appendix

Debt Maturities



No Significant Debt Maturities from 2022 through 2026,
Reflecting Proactive Refinancing Effort in 2020



* Includes SJI mandatory convertible equity units due April 2021 (\$287.5 million)



Appendix

Regulatory Calendar



Company	Filing Type	Objective	Filing/Submitted Date	Expected Outcome Date
SJG/ETG	Energy Efficiency Programs	Reduced Consumption/Decarbonization	Q3 2020	Q2 2021
ETG	Conservation Incentive Program	Reduced Consumption/Decarbonization	Q3 2020	Q2 2021
SJG	Extension of Infrastructure Replacement Program	Safety/Reliability/Decarbonization	Q4 2020	Q2 2021
SJG	Engineering/Route Approval For LNG Redundancy Project	Supply Redundancy	Q4 2019	1H 2021
SJG/ETG	Annual Recovery of Infrastructure Programs	Safety/Reliability/Decarbonization	Q3 2021	Q4 2021



Appendix

YTD Consolidated Earnings



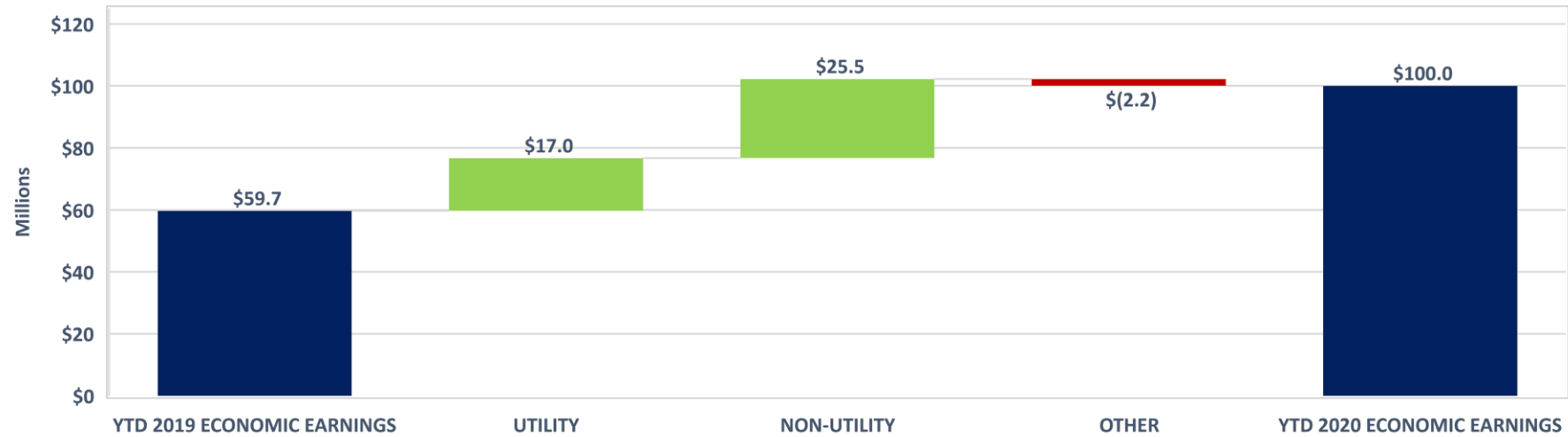
	Nine months ended September 30, 2020				Nine months ended September 30, 2019			
	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS
Utility	\$92.3	\$0.96	\$93.5	\$0.98	\$76.5	\$0.83	\$76.5	\$0.83
Non-Utility	\$27.2	\$0.29	\$32.9	\$0.34	(\$6.7)	(\$0.08)	\$7.4	\$0.08
Other	(\$31.3)	(\$0.33)	(\$26.4)	(\$0.28)	(\$32.1)	(\$0.34)	(\$24.2)	(\$0.26)
Total - Continuing Operations	\$88.2	\$0.92	\$100.0	\$1.04	\$37.7	\$0.41	\$59.7	\$0.65
Average Diluted Shares		95.7		95.7		92.2		92.2

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



Appendix

Economic Earnings Bridge | YTD 2019 to YTD 2020



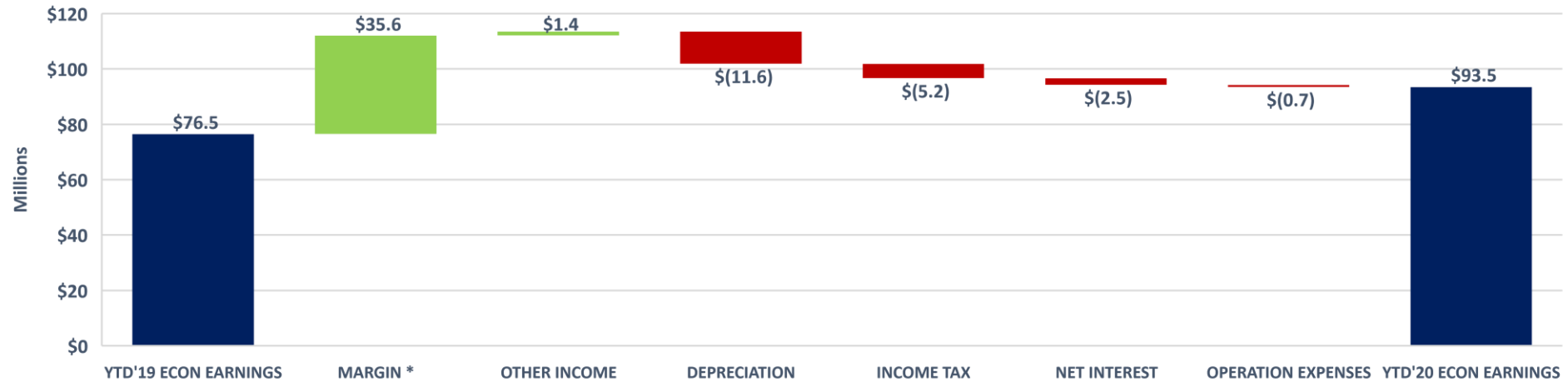
- **UTILITY:** SJG \$6.8 million; ETG \$10.2 million
- **NON-UTILITY:** Energy Group \$12.6 million; Energy Services \$12.9 million (ITC: \$12.0M)
- **OTHER:** Interest on Debt \$(2.2) million



Appendix



Utility Earnings Bridge | YTD 2019 to YTD 2020



- **MARGIN:** ETG rate relief, customer growth, and infrastructure modernization investment
- **OTHER INCOME:** Investment performance from pension/other postretirement benefit plans, and higher AFUDC
- **DEPRECIATION:** Utility investment in property, plant and equipment
- **INCOME TAX:** Effective income tax rate
- **NET INTEREST:** Variance in debt balances
- **OPERATION EXPENSES:** O&M, bad debt, business transformation, regulatory riders, and energy and other taxes

* We define utility margin, a non-GAAP measure, as natural gas revenues less natural gas costs, regulatory rider expenses and volumetric and revenue-based energy taxes.



Appendix



Non-Utility Earnings Bridge | YTD 2019 to YTD 2020



- **ENERGY PRODUCTION:** Fuel Cell/Solar ITC's (\$12.0M) and lower expenses from sale of non-core assets
- **WHOLESALE/OTHER:** Improved asset optimization opportunities and after-tax supplier refund (\$2.9M)
- **FUEL MANAGEMENT:** Contracts that became operational over last twelve months and increased volumes



Appendix

2020 Financial Results | Segment Detail



Third Quarter Ended September 30

GAAP Earnings	Millions			Per Diluted Share		
	2020	2019	+/-	2020	2019	+/-
UTILITY	(\$18.4)	(\$21.6)	\$3.2	(\$0.18)	(\$0.24)	\$0.06
SOUTH JERSEY GAS (SJG)	(\$9.5)	(\$11.6)	\$2.1	(\$0.09)	(\$0.13)	\$0.03
ELIZABETHTOWN GAS (ETG)	(\$8.6)	(\$9.9)	\$1.3	(\$0.09)	(\$0.11)	\$0.02
ELKTON GAS (ELK)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.00)	(\$0.00)	(\$0.00)
NON-UTILITY	\$17.5	(\$3.8)	\$21.3	\$0.17	(\$0.04)	\$0.21
MIDSTREAM	\$1.2	\$1.2	(\$0.0)	\$0.01	\$0.01	(\$0.00)
ENERGY GROUP	\$2.2	(\$5.8)	\$8.0	\$0.02	(\$0.06)	\$0.08
<i>Fuel Supply Management</i>	\$4.4	\$2.9	\$1.5	\$0.04	\$0.03	\$0.01
<i>Wholesale Marketing/Other</i>	(\$2.2)	(\$8.7)	\$6.5	(\$0.02)	(\$0.09)	\$0.07
ENERGY SERVICES	\$14.1	\$0.9	\$13.2	\$0.14	\$0.01	\$0.13
<i>Energy Production</i>	\$13.6	\$0.4	\$13.2	\$0.14	\$0.00	\$0.13
<i>Account Services</i>	\$0.5	\$0.5	\$0.0	\$0.00	\$0.01	(\$0.00)
OTHER	(\$9.4)	(\$9.3)	(\$0.1)	(\$0.09)	(\$0.10)	\$0.01
TOTAL - CONTINUING OPS	(\$10.3)	(\$34.7)	\$24.4	(\$0.10)	(\$0.38)	\$0.28

Third Quarter Ended September 30

Economic Earnings	Millions			Per Diluted Share		
	2020	2019	+/-	2020	2019	+/-
UTILITY	(\$18.4)	(\$21.6)	\$3.2	(\$0.18)	(\$0.24)	\$0.06
SOUTH JERSEY GAS (SJG)	(\$9.5)	(\$11.6)	\$2.1	(\$0.09)	(\$0.13)	\$0.03
ELIZABETHTOWN GAS (ETG)	(\$8.6)	(\$9.9)	\$1.3	(\$0.09)	(\$0.11)	\$0.02
ELKTON GAS (ELK)	(\$0.3)	(\$0.1)	(\$0.1)	(\$0.00)	(\$0.00)	(\$0.00)
NON-UTILITY	\$21.6	\$1.8	\$19.8	\$0.21	\$0.02	\$0.20
MIDSTREAM	\$1.2	\$1.2	(\$0.0)	\$0.01	\$0.01	(\$0.00)
ENERGY GROUP	\$6.2	(\$1.0)	\$7.2	\$0.06	(\$0.01)	\$0.07
<i>Fuel Supply Management</i>	\$4.4	\$2.9	\$1.5	\$0.04	\$0.03	\$0.01
<i>Wholesale Marketing/Other</i>	\$1.8	(\$3.9)	\$5.7	\$0.02	(\$0.04)	\$0.06
ENERGY SERVICES	\$14.3	\$1.7	\$12.6	\$0.14	\$0.02	\$0.12
<i>Energy Production</i>	\$13.8	\$1.2	\$12.6	\$0.14	\$0.01	\$0.12
<i>Account Services</i>	\$0.5	\$0.5	\$0.0	\$0.00	\$0.01	(\$0.00)
OTHER	(\$9.2)	(\$7.7)	(\$1.5)	(\$0.09)	(\$0.08)	(\$0.0)
TOTAL - CONTINUING OPS	(\$6.0)	(\$27.5)	\$21.5	(\$0.06)	(\$0.30)	\$0.24

Year-to-Date Period Ended September 30

GAAP Earnings	Millions			Per Diluted Share		
	2020	2019	+/-	2020	2019	+/-
UTILITY	\$92.3	\$76.5	\$15.8	\$0.96	\$0.83	\$0.13
SOUTH JERSEY GAS (SJG)	\$64.7	\$59.1	\$5.6	\$0.68	\$0.64	\$0.03
ELIZABETHTOWN GAS (ETG)	\$27.3	\$17.1	\$10.2	\$0.29	\$0.19	\$0.10
ELKTON GAS (ELK)	\$0.3	\$0.3	\$0.0	\$0.00	\$0.00	\$0.00
NON-UTILITY	\$27.2	(\$6.7)	\$33.9	\$0.29	(\$0.08)	\$0.37
MIDSTREAM	\$3.2	\$3.2	\$0.0	\$0.03	\$0.03	(\$0.00)
ENERGY GROUP	\$12.0	(\$10.6)	\$22.6	\$0.13	(\$0.12)	\$0.24
<i>Fuel Supply Management</i>	\$10.2	\$7.7	\$2.5	\$0.11	\$0.08	\$0.02
<i>Wholesale Marketing/Other</i>	\$1.8	(\$18.3)	\$20.1	\$0.02	(\$0.20)	\$0.22
ENERGY SERVICES	\$12.0	\$0.7	\$11.3	\$0.13	\$0.01	\$0.12
<i>Energy Production</i>	\$10.3	(\$1.0)	\$11.3	\$0.11	(\$0.01)	\$0.12
<i>Account Services</i>	\$1.7	\$1.7	\$0.0	\$0.02	\$0.02	(\$0.00)
OTHER	(\$31.3)	(\$32.1)	\$0.8	(\$0.34)	(\$0.35)	\$0.01
TOTAL - CONTINUING OPS	\$88.2	\$37.7	\$50.5	\$0.92	\$0.41	\$0.51

Year-to-Date Period Ended September 30

Economic Earnings	Millions			Per Diluted Share		
	2020	2019	+/-	2020	2019	+/-
UTILITY	\$93.5	\$76.5	\$17.0	\$0.98	\$0.83	\$0.15
SOUTH JERSEY GAS (SJG)	\$65.9	\$59.1	\$6.8	\$0.69	\$0.64	\$0.05
ELIZABETHTOWN GAS (ETG)	\$27.3	\$17.1	\$10.2	\$0.29	\$0.19	\$0.10
ELKTON GAS (ELK)	\$0.3	\$0.3	\$0.0	\$0.00	\$0.00	\$0.00
NON-UTILITY	\$32.9	\$7.4	\$25.5	\$0.34	\$0.08	\$0.26
MIDSTREAM	\$3.2	\$3.2	\$0.0	\$0.03	\$0.03	(\$0.00)
ENERGY GROUP	\$17.1	\$4.5	\$12.6	\$0.18	\$0.05	\$0.13
<i>Fuel Supply Management</i>	\$10.2	\$7.7	\$2.5	\$0.11	\$0.08	\$0.02
<i>Wholesale Marketing/Other</i>	\$6.9	(\$3.1)	\$10.0	\$0.07	(\$0.03)	\$0.11
ENERGY SERVICES	\$12.6	(\$0.3)	\$12.9	\$0.13	(\$0.00)	\$0.14
<i>Energy Production</i>	\$10.9	(\$2.0)	\$12.9	\$0.11	(\$0.02)	\$0.14
<i>Account Services</i>	\$1.7	\$1.7	\$0.0	\$0.02	\$0.02	(\$0.00)
OTHER	(\$26.4)	(\$24.2)	(\$2.2)	(\$0.28)	(\$0.26)	(\$0.01)
TOTAL - CONTINUING OPS	\$100.0	\$59.7	\$40.3	\$1.04	\$0.65	\$0.40

Note: Amounts and/or EPS may not add due to rounding



