**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of the**
**Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): May 8, 2018

# SOUTH JERSEY INDUSTRIES, INC.

(Exact Name of Registrant as Specified in Charter)

| New Jersey | 1-6364 | 22-1901645 |
|---|---|---|
| (State or Other Jurisdiction of Incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

1 South Jersey Plaza, Folsom, NJ 08037
(Address of Principal Executive Offices) (Zip Code)

(609) 561-9000
(Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 7.01 Regulation FD Disclosure**

On Tuesday, May 8, 2018, South Jersey Industries, Inc. ("SJI") will deliver a presentation to the financial community via live webcast, in conjunction with the presentation of its Q1 2018 financial results and future prospects during the company's Q1 2018 Earnings Call. The slide presentation is attached hereto as Exhibit 99. SJI does not intend for this Item 7.01 or Exhibit 99, to be treated as "filed" under the Securities Exchange Act of 1934, as amended, or incorporated by reference into its filings under the Securities Act of 1933, as amended.

**Item 9.01. Financial Statements and Exhibits**

Exhibit 99. South Jersey Industries, Inc. slide presentation which will be made available to the financial community in conjunction with the company's Q1 2018 Earnings Call on May 8, 2018.

**Exhibit Index**

| Exhibit Number | |
|---|---|
| 99.1 | Q1 2018 Earnings Results Presentation dated May 8, 2018 |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SOUTH JERSEY INDUSTRIES, INC.**

Date: May 8, 2018

By: /s/ Stephen H. Clark
Stephen H. Clark
Executive Vice President & Chief Financial Officer

# First Quarter 2018
# Earnings Conference Call

**May 8, 2018**

# 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 in the supplemental information portion of this presentation.

Investor Contact:
Eric Jacobson
609-561-9000 x4363
ejacobson@sjindustries.com

# Participants on Today's Call

**Mike Renna**
President and CEO
South Jersey Industries

**Steve Clark**
EVP/CFO
South Jersey Industries

**Greg Nuzzo**
SVP/President Energy Solutions
South Jersey Industries

**Dave Robbins**
SVP/President SJG
South Jersey Industries

**Marissa Travaline**
VP/Communications
South Jersey Industries

**Ann Anthony**
VP/Treasurer and Corporate Secretary
South Jersey Industries

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- Business Transformation
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# Executive Summary

- Accomplishments in 2016/2017 toward a more regulated business mix creating a foundation for success in 2018 and beyond
- Regulatory approvals and financing of Elizabethtown Gas (ETG) and Elkton Gas (Elkton) acquisitions proceeding well; strategic review of non-core, non-regulated businesses ongoing
- 1Q'18 economic earnings were $1.26 per diluted share compared to $0.72 per diluted share last year, driven by solid improvement in both regulated and non-regulated operations
- Reaffirmed 2018 economic earnings guidance of $1.57 to $1.65 per diluted share
- We remain confident in our ability to achieve our 2020 standalone economic earnings target of $160 million and post-acquisitions EPS accretion beginning in 2020
- 2018 Priorities:
    - Close on ETG and Elkton transactions
    - Complete review of our non-core, non-regulated businesses
    - Gain NJ regulatory approval for extension of system hardening program
    - Achieve legal resolution of pending BL England pipeline project
    - Secure remaining permits on PennEast Pipeline project

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# Business Transformation On Track

- In 2015, began planned shift in operating strategy toward a more regulated business mix
- Plan driven by desire to increase the quality of earnings by increasing investment in utility and FERC-regulated assets that provide highly-visible cash flows and earnings
- Plan also sought to reduce earnings volatility and optimizing the value of our non-core, non-regulated businesses
- In 2016, announced cessation of new investment in solar projects, reduced our portfolio of on-site energy production businesses, and significantly strengthened our balance sheet through a successful equity offering
- In 2017, announced plan to acquire ETG and Elkton, and received Certificate of Public Convenience and Necessity for PennEast from FERC
- In 2018, completed highly-successful equity raise for ETG and Elkton, and announced strategic review of non-regulated businesses

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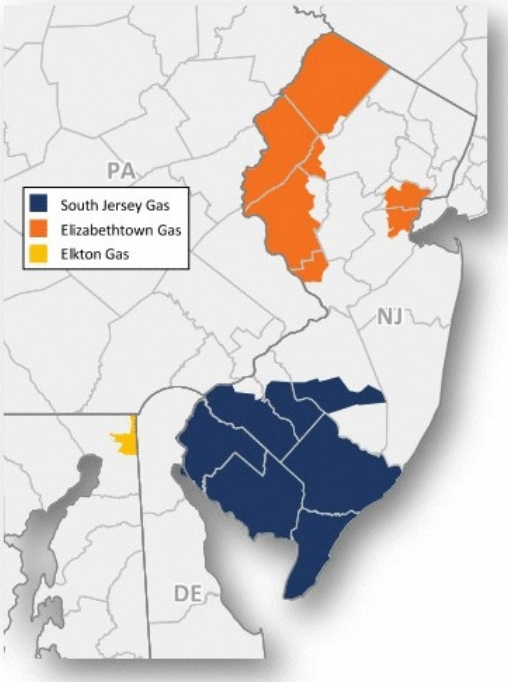
# Acquisitions of ETG and Elkton Progressing Well

## Transaction

- In October 2017, announced acquisitions of Elizabethtown Gas (ETG) in New Jersey and Elkton Gas (Elkton) in Maryland in a $1.7B transaction, with an effective purchase price of $1.5B. [1]
- Transformative transaction that reinforces regulated business mix and builds scale, increasing rate base by 45%.
- Accretive to 2020 economic earnings per share, building off ETG and Elkton 2016 standalone net income of $35 million.
- Visibility for growth well beyond SJI standalone 5-year plan.

## Recent Developments

- In December, filed for regulatory approval in New Jersey (NJBPU). In January, filed for regulatory approval in Maryland (MPSC). Settlement discussions have commenced in both jurisdictions.
- In February, received approval from Federal Communications Commission (FCC) and Hart-Scott-Rodino; FERC approval is pending.
- In April, completed an offering of equity units and common stock as part of our permanent financing plan (detailed on following slide).
- Transactions remain on track to close in mid-2018.




(1) Adjusted for approximately $200M tax basis step-up

# Successful Equity Offering Completed in April

| | |
|---|---|
| **Common Stock** | Common Equity<br>▪ $168M in net proceeds<br>▪ 5.9M shares issued, including overalottment<br>▪ Issued at $29.50 Per Share<br><br>Forward Sale<br>▪ $200M in potential proceeds<br>▪ 6.8M shares at $29.50 Per Share<br>▪ Forward sale can be adjusted depending on capital needs |
| **Equity Units** | ▪ $279M in net proceeds<br>▪ 5.75 million units issued, including overalottment<br>▪ Issued at $50 Per Unit<br><br>Each unit is comprised of two parts:<br>▪ Purchase contract to buy SJI shares that pays 3.55% per year; number of shares (8.1 - 9.7 million shares) dependent on price of SJI stock at settlement<br>▪ 5% interest in re-marketable junior subordinated notes (RSNs) that pay 3.7% annual interest |

# Earnings Performance – Q1'18 Versus Q1'17

| | First Quarter Ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | Millions | | | Per Diluted Share | | |
| GAAP Earnings | **2018** | 2017 | +/- | **2018** | 2017 | +/- |
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **52.5** | (8.1) | 60.6 | **0.66** | (0.10) | 0.76 |
| Energy Services | **(2.7)** | (4.3) | 1.6 | **(0.03)** | (0.05) | 0.02 |
| Other | **(5.5)** | 1.6 | (7.1) | **(0.07)** | 0.01 | (0.08) |
| | **$111.3** | $37.7 | $73.7 | **$1.40** | $0.47 | $0.93 |

| | First Quarter Ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | Millions | | | Per Diluted Share | | |
| Economic Earnings | **2018** | 2017 | +/- | **2018** | 2017 | +/- |
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **35.9** | 9.8 | 26.1 | **0.45** | 0.12 | 0.33 |
| Energy Services | **(2.7)** | (2.4) | (0.3) | **(0.03)** | (0.03) | (0.00) |
| Other | **0.2** | 1.7 | (1.6) | **0.00** | 0.02 | (0.02) |
| | **$100.4** | $57.6 | $42.8 | **$1.26** | $0.72 | $0.54 |

*SJI uses the non-GAAP measure of Economic Earnings when discussing results. A full explanation and reconciliation of this non-GAAP measure is provided under "Explanation and Reconciliation of Non-GAAP Financial Measures" in the Earnings Release.

# South Jersey Gas – Earnings Performance

First Quarter Ended March 31

| Economic Earnings | Millions 2018 | Millions 2017 | Millions +/- | Per Diluted Share 2018 | Per Diluted Share 2017 | Per Diluted Share +/- |
|---|---|---|---|---|---|---|
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **35.9** | 9.8 | 26.1 | **0.45** | 0.12 | 0.33 |
| Energy Services | **(2.7)** | (2.4) | (0.3) | **(0.03)** | (0.03) | (0.00) |
| Other | **0.2** | 1.7 | (1.6) | **0.00** | 0.02 | (0.02) |
| | **$100.4** | $57.6 | $42.8 | **$1.26** | $0.72 | $0.54 |

South Jersey Gas – Map of Service Area

- **Overview**: Our gas utility segment currently includes the regulated gas distribution operations of South Jersey Gas (SJG).
- **Economic Earnings:** GAAP earnings and economic earnings are the same for SJG. Quarterly improvement largely reflects an increase in utility margin partially offset by higher operating costs.
- **Margin:** Utility margin[1] increased $15.5 million driven by our base rate case settlement ($22.8 million), the roll-in of investments for infrastructure replacement and improvement ($4.5 million) and customer growth ($1.0 million) partially offset by a deferral of excess taxes billed ($12.8 million) that will be returned to customers.
- **Expenses:** Operating costs increased $9.2 million reflecting higher O&M expense ($7.5 million) tied to personnel, governance, compliance and system maintenance. These investments are aimed at improving efficiency and productivity for the benefit of customers. Higher depreciation expense ($1.7 million) reflects capital investment in infrastructure and customer growth.

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

# Midstream – Earnings Performance

| | First Quarter Ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | Millions | | | Per Diluted Share | | |
| Economic Earnings | **2018** | 2017 | +/- | **2018** | 2017 | +/- |
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **35.9** | 9.8 | 26.1 | **0.45** | 0.12 | 0.33 |
| Energy Services | **(2.7)** | (2.4) | (0.3) | **(0.03)** | (0.03) | (0.00) |
| Other | **0.2** | 1.7 | (1.6) | **0.00** | 0.02 | (0.02) |
| | **$100.4** | $57.6 | $42.8 | **$1.26** | $0.72 | $0.54 |

PennEast Pipeline – Proposed Route

- **Overview**: Our Midstream segment includes our 20% equity investment in the PennEast Pipeline project (PennEast). PennEast is a planned $1B+, 1 Bcf, 120-mile interstate pipeline running from the Marcellus region of Pennsylvania into New Jersey.
- **Economic Earnings:** Quarterly comparisons are skewed, reflecting strong results in first quarter 2017 tied to a catch-up of Allowance for Funds Used During Construction (AFUDC) related to prior periods that had not been deemed appropriate to record until original receipt of Federal Energy Regulatory Commission (FERC) approval.
- **Project Status:** In January, PennEast received its Certificate of Public Convenience and Necessity from FERC. With FERC approval, we are moving to the next phase to obtain survey access and submit completed applications for water permits in New Jersey and with the Delaware River Basin Commission (DRBC). Construction is expected to begin upon receipt of approvals from these entities, with in-service expected in late 2019.

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# Energy Group – Earnings Performance

First Quarter Ended March 31

| Economic Earnings | Millions 2018 | Millions 2017 | Millions +/- | Per Diluted Share 2018 | Per Diluted Share 2017 | Per Diluted Share +/- |
|---|---|---|---|---|---|---|
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **35.9** | 9.8 | 26.1 | **0.45** | 0.12 | 0.33 |
| *Wholesale Marketing* | *33.3* | *7.6* | *25.6* | *0.42* | *0.10* | *0.32* |
| *Fuel Management* | *2.8* | *1.4* | *1.4* | *0.03* | *0.02* | *0.02* |
| *Retail Marketing* | *(0.1)* | *0.6* | *(0.7)* | *(0.00)* | *0.01* | *(0.01)* |
| *Exploration* | *0.0* | *0.1* | *(0.1)* | *0.00* | *0.00* | *(0.00)* |
| Energy Services | **(2.7)** | (2.4) | (0.3) | **(0.03)** | (0.03) | (0.00) |
| Other | **0.2** | 1.7 | (1.6) | **0.00** | 0.02 | (0.02) |
| | **$100.4** | $57.6 | $42.8 | **$1.26** | $0.72 | $0.54 |

Note: sub-segment earnings and per share data may not add up due to rounding error.

Fuel Management Contracts

| Counterparty | Location | Capacity (MW) | Volume (Dth/day) | Start Date | Term |
|---|---|---|---|---|---|
| Starwood | Marcus Hook, PA | 750 | 80,000 | In service | 2016 - evergreen |
| LS Power | West Deptford, NJ | 738 | 36,000 | In service | 15 Years |
| LS Power II | West Deptford, NJ | 400 | 31,000 | In service | 15 Years |
| Moxie - Liberty | Bradford Co, PA | 825 | 137,655 | In service | 5 Years |
| Moxie - Patriot | Lycoming Co, PA | 825 | 137,655 | In service | 4 Years |
| Panda - Stonewall | Leesburg, VA | 750 | 110,000 | In service | 4 Years |
| Moxie - Freedom | Luzerne, PA | 1,029 | 157,000 | 2018 | 10 Years |
| Lordstown | Trumbell, OH | 1,029 | 160,000 | 2018 | 5 Years |
| Invenergy - Lackawanna | Jessup, PA | 1,045 | 210,000 | 2018 | 10 Years |
| Hickory Run | Lawrence County, PA | 1,000 | 162,000 | 2020 | 5 years |
| To Be Announced | TBA | 990 | 121,000 | TBA | 4 Years |

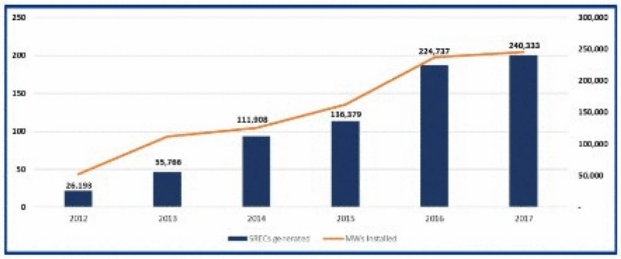
- **Overview**: Our Energy Group segment includes our non-regulated operations engaged in fuel supply management services and wholesale and retail gas and electric commodity marketing.
- **Economic Earnings:** Quarterly improvement primarily reflects wholesale portfolio optimization during cold weather in January compared with extremely warm weather in Q1'17, and the impact of federal tax reform. Results were also boosted by a larger portfolio of fuel management contracts (six) compared with last year (five). These gains were partially offset by weaker retail marketing results reflecting a continuation of increased competition and tighter margins in this business.
- **Outlook:** We expect an additional three fuel supply management contracts will come on-line in 2018 and two more by the end of 2020, providing low-risk segment growth.

# Energy Services – Earnings Performance

| | First Quarter Ended March 31 | | | | | |
|---|---|---|---|---|---|---|
| | Millions | | | Per Diluted Share | | |
| Economic Earnings | **2018** | 2017 | +/- | **2018** | 2017 | +/- |
| South Jersey Gas | **$66.7** | $46.5 | $20.3 | **$0.84** | $0.58 | $0.25 |
| Midstream | **0.3** | 2.0 | (1.7) | **0.00** | 0.03 | (0.02) |
| Energy Group | **35.9** | 9.8 | 26.1 | **0.45** | 0.12 | 0.33 |
| Energy Services | **(2.7)** | (2.4) | (0.3) | **(0.03)** | (0.03) | (0.00) |
| *CHP* | *0.1* | *0.3* | *(0.2)* | *0.00* | *0.00* | *(0.00)* |
| *Solar* | *(2.4)* | *(2.1)* | *(0.3)* | *(0.03)* | *(0.03)* | *(0.00)* |
| *Landfills* | *(0.9)* | *(0.7)* | *(0.2)* | *(0.01)* | *(0.01)* | *(0.00)* |
| *Other* | *0.5* | *0.1* | *0.4* | *0.01* | *0.00* | *0.01* |
| Other | **0.2** | 1.7 | (1.6) | **0.00** | 0.02 | (0.02) |
| | **$100.4** | $57.6 | $42.8 | **$1.26** | $0.72 | $0.54 |

Note: sub-segment earnings and per share data may not add up due to rounding error.

**Solar Renewable Energy Credits (SRECs)**




- **Overview**: Our Energy Services segment largely consists of our energy production portfolio including solar, combined heat and power (CHP) and landfill gas-to-electric assets.
- **Economic Earnings:** Quarterly decline reflects modest improvement from our account services businesses and favorable SREC prices that was more than offset by a decline in results from CHP, solar and landfill activities driven by increased costs, higher interest expense and a one percent decline in solar production.
- **No ITCs:** Consistent with our strategic plan, there were no investment tax credits (ITCs) related to renewable project development in first quarter 2018 results or the year ago period.

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# Guidance Reaffirmed

## 2018

- Reaffirming 2018 economic earnings per share guidance of $1.57 to $1.65
- Guidance excludes impact from pending acquisitions of Elizabethtown Gas (ETG) and Elkton Gas (Elkton)
- Guidance includes impacts of federal tax reform and positive impact of cold weather in January

| SEGMENT | EXPECTED CONTRIBUTION TO 2018 ECONOMIC EARNINGS |
|---|---|
| REGULATED | |
| Gas Utility | 63% - 67% |
| Midstream | 2% - 5% |
| NON-REGULATED | |
| Energy Group | 28% - 33% |
| Energy Services | (1)% - 3% |

## Longer-Term

- Reaffirming SJI standalone economic earnings target of $160 million in 2020
- In February, raised guidance from $150 million to $160 million tied to impact of federal tax reform
- Reaffirming guidance for EPS accretion from our acquisitions of ETG and Elkton beginning in 2020
- We expect to update longer-term guidance upon receipt of final regulatory approvals and closing of the acquisitions

### Tax Reform Impacts

| 2018-2020 Income Statement | |
|---|---|
| **South Jersey Gas** | Annual benefit due to higher rate base. Amount dependent upon regulatory action and timing of base rate cases. |
| **Non-Utility and Corporate** | Annual benefit due to lower tax rate. Projected to be approximately $10M by 2020. |
| **Cash Flow** | |
| **SJI** | Annual cash flow decrease of $20-40M expected due to return of excess deferred taxes to customers and an increase in cash taxes to be paid sooner than expected resulting from the elimination of bonus depreciation. Actual amount is dependent upon regulatory action. |

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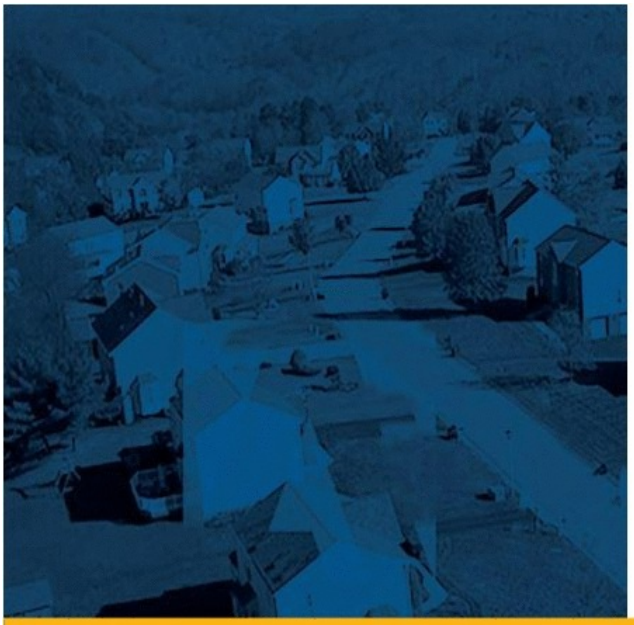

# Appendix

# Organizational Structure

## South Jersey Industries

### Regulated

**2017 Economic Earnings = $77.2 million** [1]

**South Jersey Gas**

**Regulated Natural Gas Distribution Company**

**SJI Midstream**

**FERC-Regulated Gas Pipelines/Projects**

### Non-Utility

**2017 Economic Earnings = $18.5 million** [1]

**South Jersey Energy Solutions**

**SJ Energy Services**

- Energy production portfolio (solar, CHP, landfill gas to electric)

**SJ Energy Group**

- Fuel supply management services
- Wholesale and retail natural gas and electric commodity marketing

*[1] 2017 reported results, excluding corporate segment results. SJI uses the non-GAAP measure of Economic Earnings. EE eliminates all unrealized gains and losses on commodity and on the ineffective portion of interest rate derivative transactions; adjusts for realized gains and losses attributed to hedges on inventory transactions and for the impact of transactions or contractual arrangements where the true economic impact will be realized in a future period. A full explanation and reconciliation of this non-GAAP measure is provided in our Form 10K on file with the SEC.*

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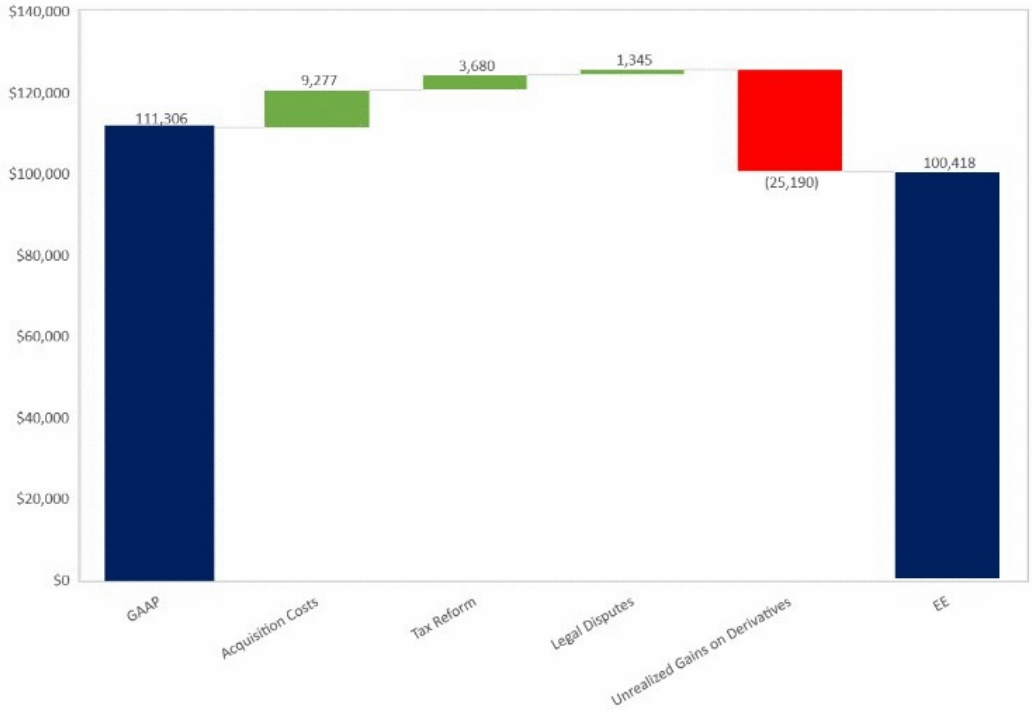
# GAAP Reconciliation to Economic Earnings – 1Q'18



# South Jersey Gas – Q1'18 Earnings Performance Detail

| In millions[1] | Q1 | Performance Notes |
|---|---|---|
| **2017 Net Income** | **$46.5** | |
| **Customer Growth** | ▲ $1.0 | 1.6% YOY customer growth |
| **Accelerated Infrastructure Investments** | ▲ $2.3 | AIRP and SHARP investments |
| **Rate Case Investments** | ▲ $13.0 | Rate Case investments roll-in to base rates November 1, 2017 |
| **O&M Expenses[2]** | ▼ ($1.2) | Resource investments supporting future growth |
| **Depreciation[3]** | ▼ ($0.4) | Additional assets placed in service |
| **Interest Charges – Net of Capitalized[3]** | ▼ ($0.5) | Increased levels of debt and higher interest rates |
| **Reduction in Tax Expense** | ▲ $5.6 | |
| **Other** | ▲ $0.4 | |
| **2018 Net Income** | **$66.7** | |

[1] Slide depicts changes to period over period net income, it is not intended to be a substitute for financial statements
[2] Excludes expenses where there is a corresponding credit in operating revenues (i.e., no impact on our financial results)
[3] Expenses associated with accelerated infrastructure investments are reflected within that line item

# Utility Customer Growth

| | 12 Months Ending March 31, 2018 |
|---|---|
| Margin Growth from Customer Additions | $2.3M |
| Conversions | 6,508 |
| New Construction | 2,320 |
| Total Gross Customer Additions | 8,828 |
| Net Customer Additions | 6,044 |
| Year Over Year Net Growth Rate | 1.6% |

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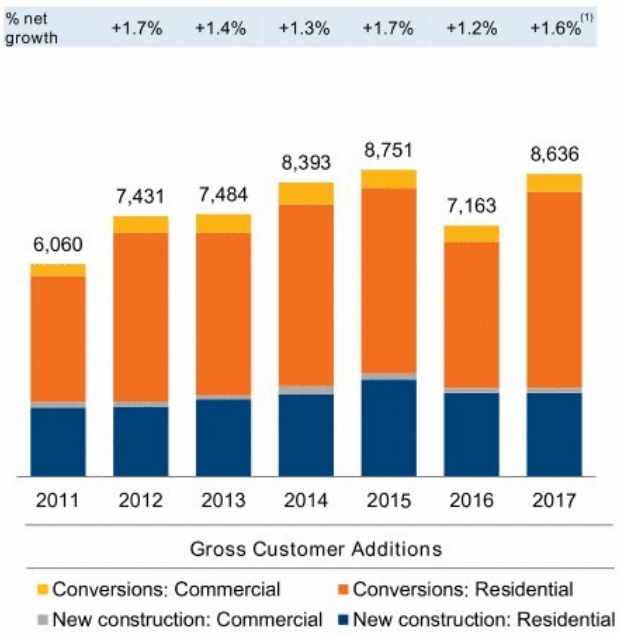
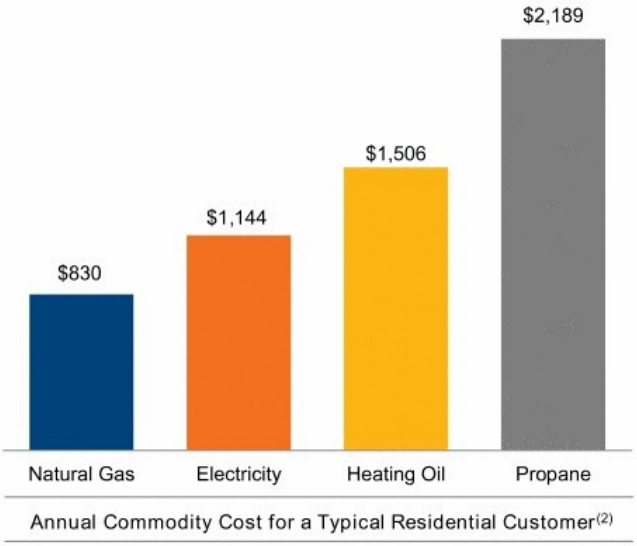
# SJG Customer Trends and Drivers

## Strong customer growth




## Competitive economics of gas vs. other fuels




(1) Reflects year-over-year net growth
(2) Based on EIA expected winter 17/18 expenditures