

South Jersey Industries

Q3 2017 Business Update
November 3, 2017



Forward Looking Statements

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.

The Path to Long Term Growth

Grow
Economic
Earnings

Improve
Quality of
Earnings

Maintain
Balance Sheet
Strength

Maintain Low
to Moderate
Risk Profile

2017 Highlights

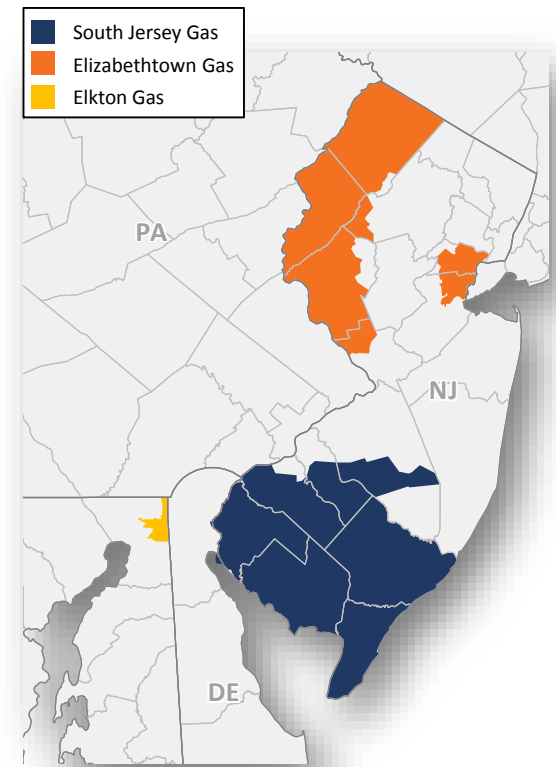
Maintain Economic EPS Guidance of \$1.14 to \$1.20 for 2017

- Announced acquisition of Elizabethtown Gas and Elkton Gas
- Utility rate case resolution provides \$39.5 million of incremental revenue
- Executed 11th fuel supply management contract for Tyr Hickory Run Station
- \$81.6 million invested YTD through AIRP II and SHARP
- ≈ 6,000 customers added YTD (gross)

Targeted Acquisition of Elizabethtown Gas & Elkton Gas

\$1.7B transaction, with effective purchase price of \$1.4B¹

- Opportunistic deal that builds scale and improves business mix
- Transaction value → 23.4x estimated 2018 earnings based on equity value of \$850M (\$1.4B less \$550M of debt)
- Significantly additive to SJI 2020 Economic Earnings goal of \$150M



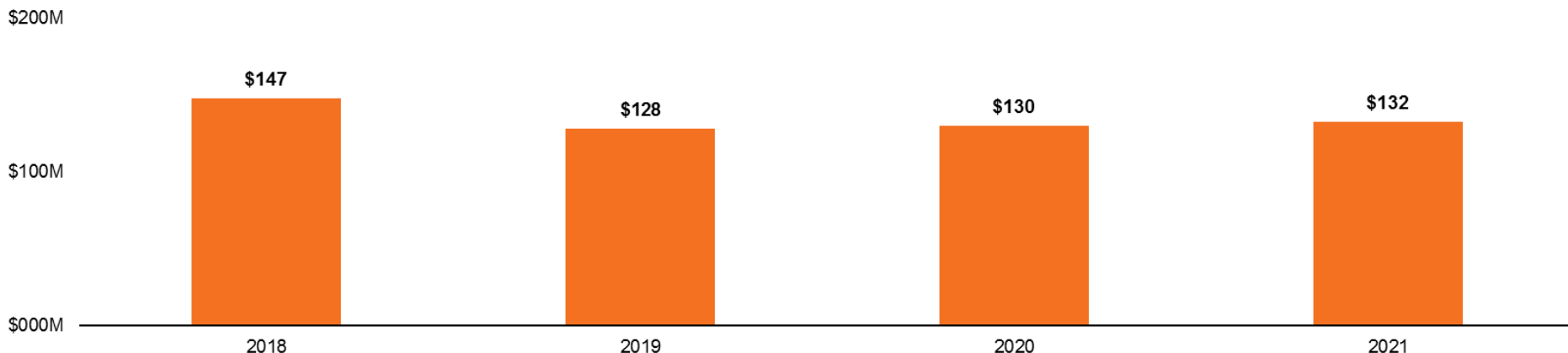
¹Adjusted for \$312M tax basis step-up

Targeted Acquisition of Elizabethtown Gas & Elkton Gas

Significant opportunities for incremental investment

- Projected average cap-ex of \$135M annually
- \$800M of additional investment potential to replace aging infrastructure
- \$450M of incremental capital investment opportunities

Elizabethtown Gas & Elkton Gas Capex (2018-2021)



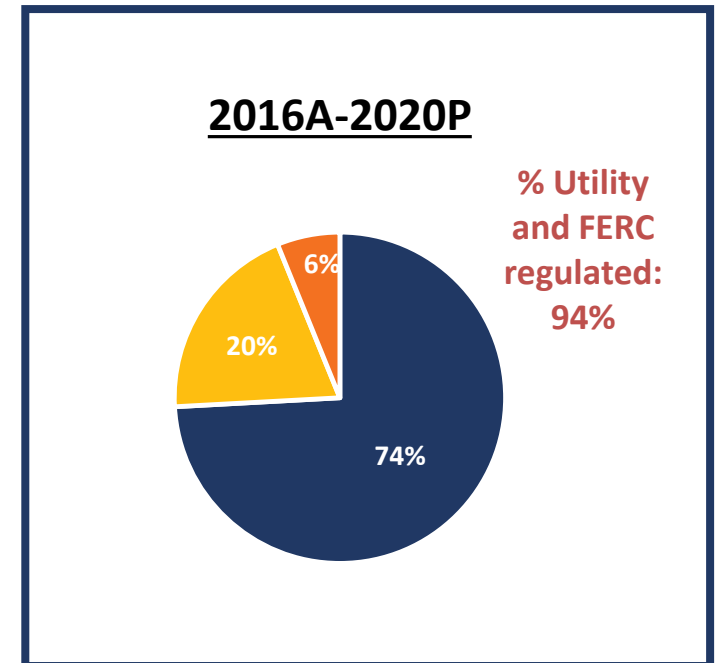
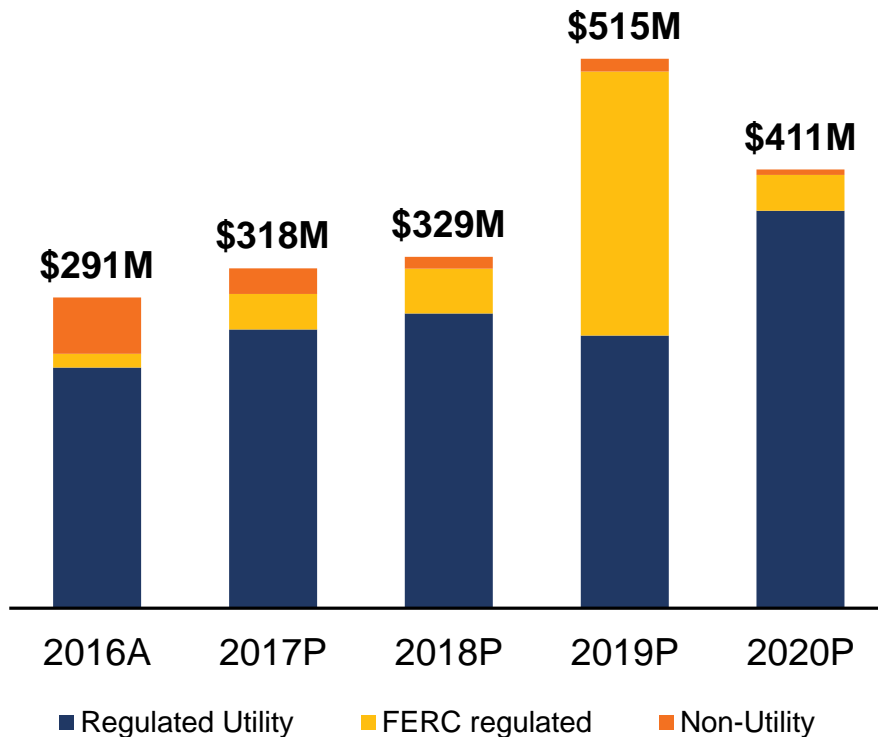
South Jersey Gas – Base Rate Case Settlement

- Revenues from base rates will increase by \$39.5 million
- Additive to SHARP and AIRP II roll-ins that occurred on October 1, 2017
- Rate of Return is 6.80%
- Return on Equity of 9.60%
- Equity-to-capital ratio of 52.5%

SJI Capital Investment

\$1.9B of planned Cap Ex 2016-2020¹

Focused on regulated utility and FERC regulated growth



¹Capital expenditures shown are inclusive of affiliate investments and do not reflect any projections for pending acquisition

Utility Capital Investment

Base Capital

- ✓ Rate case settlement effective November 1
- ✓ ≈ \$850M planned capital investment 2016-2020
- ✓ Utility HQ targeted for September 2018 completion

AIRP II (Accelerated Infrastructure Replacement Program)

- ✓ \$4.7M increase in annual revenues effective Oct. 1, based on \$46.1M investment
- ✓ Currently in year two of 5-year, \$302.5M program

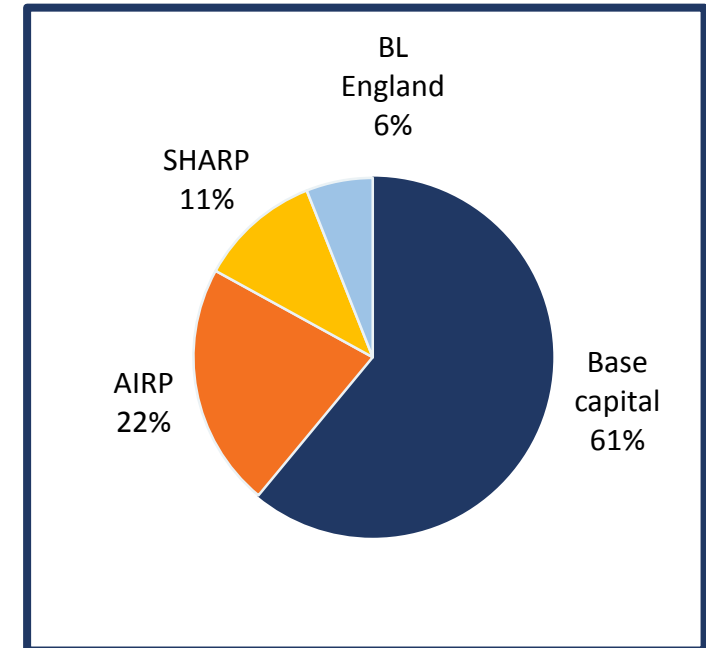
SHARP (Storm Hardening and Reliability Program)

- ✓ \$3.4M increase in annual revenues effective Oct. 1, based on \$33.3M investment
- ✓ Phase II petition filed November 1

BL England

- ✓ Proposed ≈ \$115M pipeline to supply natural gas to the former BL England generating facility
- ✓ Final Pinelands Commission approval received February 24
- ✓ Legal appeal process continues, with a favorable resolution expected before year end

2016-2020 Utility Cap-Ex Breakdown



GAAP Earnings – 2017 v 2016

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
In millions except per share data						
Gas Utility	(\$5.8)	(\$3.3)	(\$2.5)	\$43.0	\$46.1	(\$3.1)
Midstream	\$1.3	\$0.0	\$1.3	\$3.7	(\$0.1)	\$3.8
SJ Energy Group	(\$7.4)	\$4.2	(\$11.6)	(\$27.0)	\$14.1	(\$41.1)
SJ Energy Services	\$(25.7)	\$8.9	(\$34.6)	(\$28.9)	\$12.9	(\$41.8)
SJI	(\$37.5)	\$9.7	(\$47.2)	\$(7.4)	\$73.1	(\$80.5)
SJI EPS	(\$0.47)	\$0.12	(\$0.59)	\$(0.09)	\$0.97	(\$1.06)

Economic Earnings – 2017 v 2016

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
In millions except per share data						
Gas Utility	(\$5.8)	(\$3.3)	(\$2.5)	\$43.0	\$46.1	(\$3.1)
Midstream	\$1.3	\$0.0	\$1.3	\$3.7	(\$0.1)	\$3.8
SJ Energy Group	(\$0.8)	(\$1.4)	\$0.6	\$9.6	\$10.4	(\$0.8)
SJ Energy Services	\$1.3	\$8.7	(\$7.4)	\$0.0	\$13.3	(\$13.3)
SJI	(\$4.0)	\$3.9	\$(7.9)	\$58.1	\$69.6	(\$11.5)
SJI EPS	(\$0.05)	\$0.05	\$0.00	\$0.73	\$0.92	(\$0.19)

*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

In millions ¹	Q3	YTD	Performance Notes
2016 Net Income	(\$3.3)	\$46.1	
Customer Growth	▲ \$0.2	▲ \$1.6	1.5% YOY customer growth
Accelerated Infrastructure Investments	▼ (\$0.8)	▲ \$2.8	AIRP II and SHARP investments roll-in to base rates October 1
Off System Sales	\$0.0	▲ \$0.1	
O&M Expenses²	▼ (\$1.2)	▼ (\$3.9)	Resource investments supporting future growth; increased reserve for uncollectible accounts
Depreciation³	▼ (\$0.5)	▼ (\$1.6)	Additional assets placed in service
Interest Charges – Net of Capitalized³	▼ (\$0.7)	▼ (\$1.2)	
R&D Tax Credit	\$0.0	▼ (\$1.0)	Non-recurring credit benefited 2016
Other	▲ \$0.5	▲ \$0.1	
2017 Net Income	(\$5.8)	\$43.0	

¹ Slide depicts changes to period over period net income, it is not intended to be a substitute for financial statements.

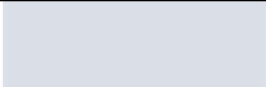
² Excludes expenses where there is a corresponding credit in operating revenues (i.e., no impact on our financial results).

³ Expenses associated with accelerated infrastructure investments are reflected within that line item.

Utility Customer Growth



	12 Months Ending September 30, 2017
Margin Growth from Customer Additions	\$2.2M
Conversions	5,531
New Construction	2,700
Total Gross Customer Additions	8,231
Net Customer Additions	5,456
Year Over Year Net Growth Rate	1.5%



South Jersey Energy Group

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
Economic Earnings, in millions						
SJ ENERGY GROUP	(\$0.8)	(\$1.4)	\$0.6	\$9.6	\$10.4	(\$0.8)
Retail Commodity	(\$0.8)	\$0.4	(\$1.2)	\$0.2	\$1.3	(\$1.1)
Fuel Management	\$1.4	\$1.3	\$0.1	\$4.1	\$3.0	\$1.1
Wholesale Mktg / Asset Optimization	(\$1.5)	(\$3.1)	\$1.6	\$5.1	\$6.1	(\$1.0)
SJ Exploration	\$0.1	\$0.0	\$0.1	\$0.2	\$0.0	\$0.2

- Fuel management improvement driven by increased volumes
- Record low spreads from warmer weather that impacted YTD wholesale marketing were partly offset by improved Q3 performance

South Jersey Energy Services

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
Economic Earnings, in millions						
SJ ENERGY SERVICES	\$1.3	\$8.7	(\$7.4)	\$0.0	\$13.3	(\$13.3)
CHP	\$0.5	\$3.6	(\$3.1)	\$0.5	\$5.7	(\$5.2)
Solar	\$2.4	\$3.5	(\$1.1)	\$2.5	\$3.8	(\$1.3)
Landfills	(\$1.3)	(\$0.4)	(\$0.9)	(\$2.9)	(\$1.4)	(\$1.5)
ITC	\$0.0	\$1.8	(\$1.8)	\$0.0	\$4.6	(\$4.6)
Other	(\$0.3)	\$0.2	(\$0.5)	(\$0.1)	\$0.6	(\$0.7)

- CHP comparison in 3Q impacted by non-recurring \$4.3M settlement that benefited 2016
- Strong solar production continues, offset by softer MD SREC market
- No ITC in 2017 earnings

Appendix

PennEast Pipeline Project

- \$200M investment with FERC level returns projected
- 20% equity owner in \$1.0B+, 1 BCF, 118-mile interstate pipeline from Marcellus region of PA into NJ
- Fully subscribed; 80% of capacity under 15-year agreements



Application
submitted
9/24/15

FERC draft EIS
issued
7/22/16

Final EIS
issued
4/7/17

Targeted
construction
2018

Non-Utility GAAP Earnings – 2017 v 2016

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
GAAP Earnings, in millions						
SJ ENERGY GROUP	(\$7.4)	\$4.2	(\$11.6)	(\$27.0)	\$14.1	(\$41.1)
Retail Commodity	(\$0.5)	(\$0.8)	\$0.3	(\$0.5)	\$4.4	(\$4.9)
Fuel Management	\$1.4	\$1.3	\$0.1	\$4.1	\$3.0	\$1.1
Wholesale Mktg / Asset Optimization	(\$8.4)	\$3.7	(\$12.1)	(\$30.8)	\$6.7	(\$37.5)
SJ Exploration	\$0.1	\$0.0	\$0.1	\$0.2	\$0.0	\$0.2

Non-Utility GAAP Earnings – 2017 v 2016

For the three and nine months ended September 30

	Q3 2017	Q3 2016	Variance	YTD 2017	YTD 2016	Variance
GAAP Earnings, in millions						
SJ ENERGY SERVICES	\$(25.7)	\$8.9	(\$34.6)	(\$28.9)	\$12.9	(\$41.8)
CHP	\$0.5	\$3.7	(\$3.2)	(\$1.0)	\$5.4	(\$6.4)
Solar	\$(24.7)	\$3.5	(\$28.2)	\$(24.9)	\$3.8	(\$28.7)
Landfills	(\$1.3)	(\$0.4)	(\$0.9)	(\$2.9)	(\$1.5)	(\$1.4)
ITC	\$0.0	\$1.8	(\$1.8)	\$0.0	\$4.6	(\$4.6)
Other	(\$0.3)	\$0.2	(\$0.5)	(\$0.1)	\$0.6	(\$0.7)

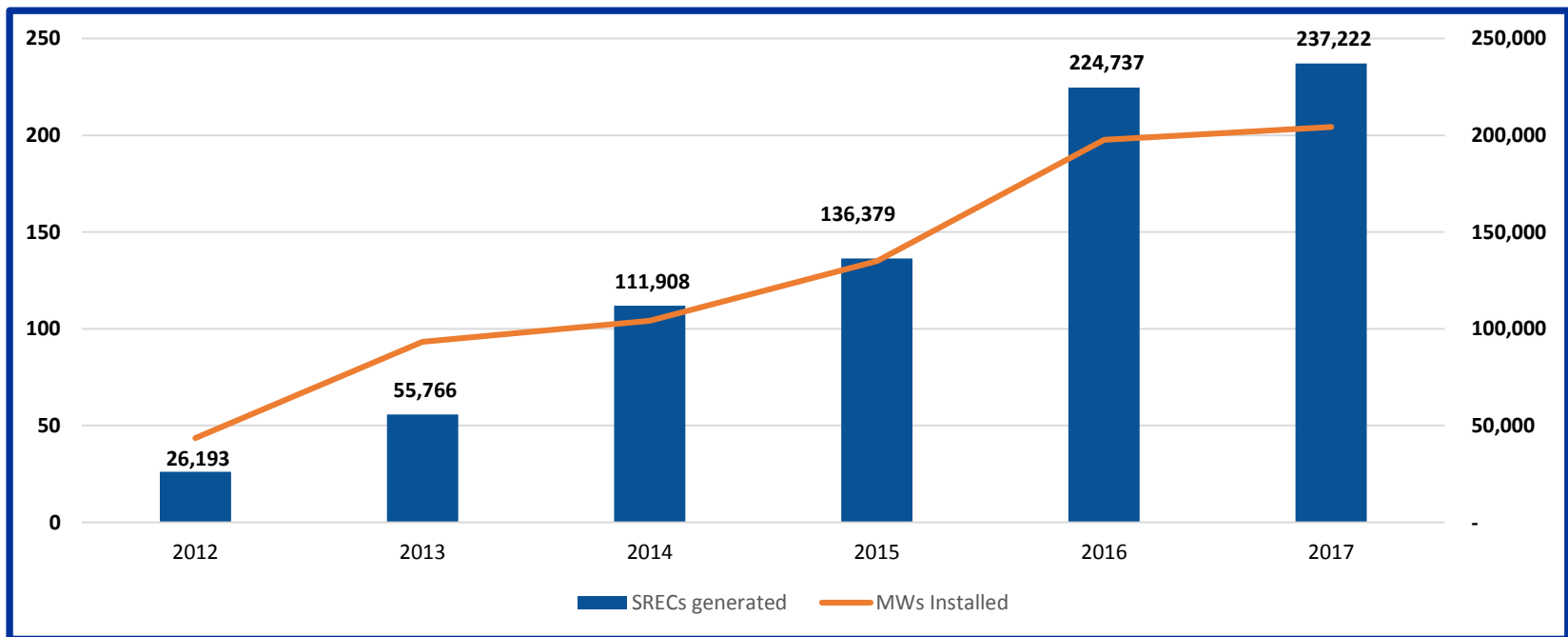
Fuel Supply Management

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 May 2017	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

Solar SREC Generation

MW DC

Number of SRECs



* Actual annual production reflected from 2012 through 2016. Estimated 2017 production reflects nine months actual and three months forecasted, assuming normal weather conditions.