



Second Quarter 2021 Earnings Presentation

August 5, 2021

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 Quarterly Report 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; cybersecurity incidents and related disruptions; 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 this Quarterly Report, SJI's and SJG's Annual Report on Form 10-K for the year ended December 31, 2020 and in any other SEC filings made by SJI or SJG during 2020 and 2021 and prior to the filing of this presentation.

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; (ii) less income and plus losses attributable to noncontrolling interest; and (iii) 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 (iii) of the definition of Economic Earnings, items excluded from Economic Earnings for the three months ended June 30, 2021 and 2020, are described in the tables in our most recently filed 10-Q. 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.



Second Quarter 2021 Financial Review

Second Quarter 2021 Financial Review



Highlights

PERFORMANCE

- GAAP earnings \$(0.87) per diluted share compared to \$(0.03) per diluted share in 2020
- Economic Earnings \$0.02 per diluted share compared to \$(0.01) per diluted share in 2020
- Capital expenditures \$269M YTD; 80%+ allocated for growth, safety and reliability for SJG/ETG customers

UTILITY

- ~11,400 new customers added last 12 months; Majority converted from heating oil or propane
- Infrastructure modernization and energy efficiency investment programs on track
- SJG Infrastructure Investment Program (IIP) proposal progressing with NJBPU

NON-UTILITY

- Energy Management: Wholesale marketing outperformance driven by portfolio restructuring and asset optimization
- Energy Production: 5MW Bronx Fuel Cell acquisition largely satisfies 2021 ITC goals; RNG dairy farm development on track
- Midstream: Favorable SCOTUS opinion on PennEast Pipeline project; Impairment charge recorded

BALANCE SHEET

- Equity/Total Cap: 36.5% (6/30/21) vs. 32.2% (12/31/20)
- Adjusted Equity/Total Cap: 44.9% (6/30/21) vs. 39.7% (12/31/20)
- Common Equity raise in March/April strengthened financial and credit metrics

Second Quarter 2021 Consolidated Earnings



Economic Earnings Improvement Across Core Segments

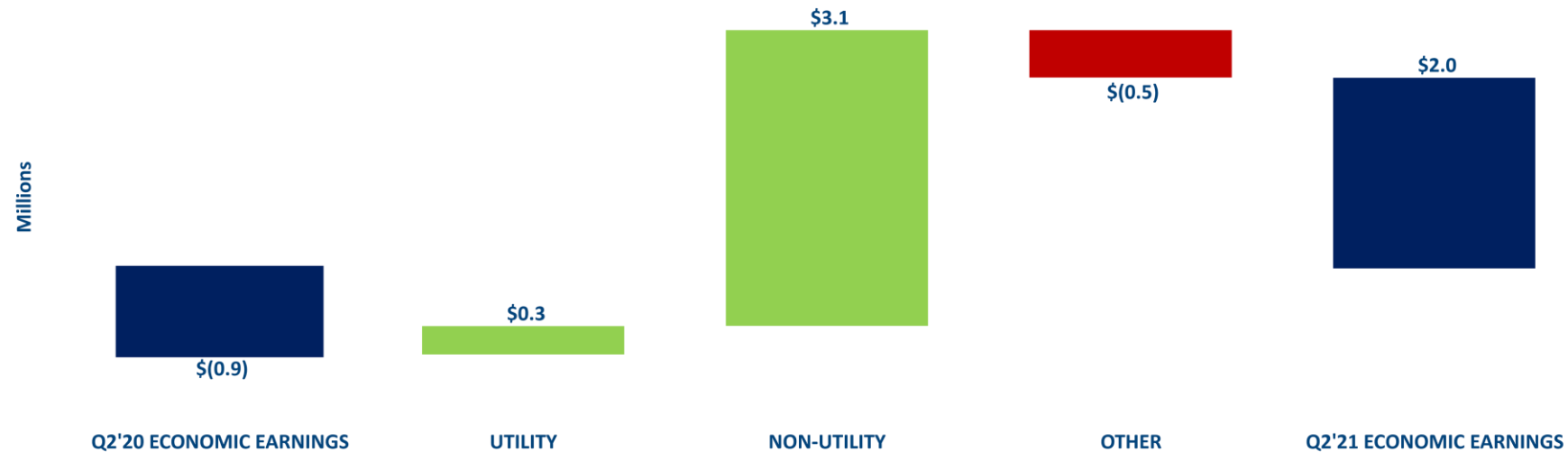
	Three months ended June 30, 2021				Three months ended June 30, 2020			
	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS
<u>UTILITY</u>								
South Jersey Gas	\$6.3	\$0.06	\$6.3	\$0.06	\$3.7	\$0.04	\$3.7	\$0.04
Elizabethtown Gas	(\$3.0)	(\$0.03)	(\$3.0)	(\$0.03)	(\$0.8)	(\$0.01)	(\$0.8)	(\$0.01)
<u>Elkton Gas</u>	<u>\$0.0</u>	<u>\$0.00</u>	<u>\$0.0</u>	<u>\$0.00</u>	<u>\$0.2</u>	<u>\$0.00</u>	<u>\$0.2</u>	<u>\$0.00</u>
Total	\$3.3	\$0.03	\$3.3	\$0.03	\$3.0	\$0.03	\$3.0	\$0.03
<u>NON-UTILITY</u>								
Energy Management	(\$4.1)	(\$0.04)	\$7.0	\$0.06	\$5.4	\$0.06	\$6.3	\$0.07
Energy Production	(\$0.4)	(\$0.00)	(\$0.2)	(\$0.00)	(\$2.4)	(\$0.03)	(\$2.2)	(\$0.02)
<u>Midstream</u>	<u>(\$86.1)</u>	<u>(\$0.78)</u>	<u>\$1.2</u>	<u>\$0.01</u>	<u>\$0.9</u>	<u>\$0.01</u>	<u>\$0.9</u>	<u>\$0.01</u>
Total	(\$90.7)	(\$0.82)	\$8.1	\$0.07	\$3.9	\$0.04	\$5.0	\$0.05
<u>OTHER</u>	(\$9.3)	(\$0.08)	(\$9.3)	(\$0.08)	(\$9.5)	(\$0.10)	(\$8.8)	(\$0.09)
TOTAL - Continuing Ops	(\$96.7)	(\$0.87)	\$2.0	\$0.02	(\$2.6)	(\$0.03)	(\$0.9)	(\$0.01)
Avg Shares Out (Diluted)		110.9		110.9		93.7		93.7

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

Second Quarter 2021 Economic Earnings



Consolidated Earnings Bridge – Q2 2020 to Q2 2021

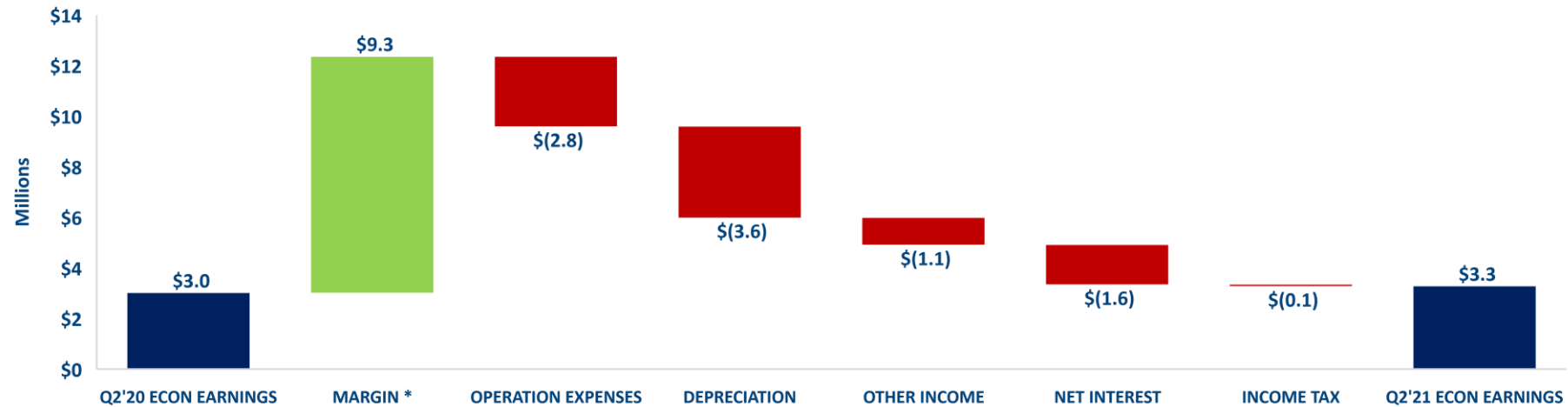


- **UTILITY:** SJG \$2.7M; ETG \$(2.2M); ELK \$(0.2M)
- **NON-UTILITY:** Energy Production \$2.1M; Energy Management \$0.7M; Midstream \$0.3
- **OTHER:** Interest on Debt \$(0.5)M

Second Quarter 2021 Economic Earnings



Utility Earnings Bridge – Q2 2020 to Q2 2021



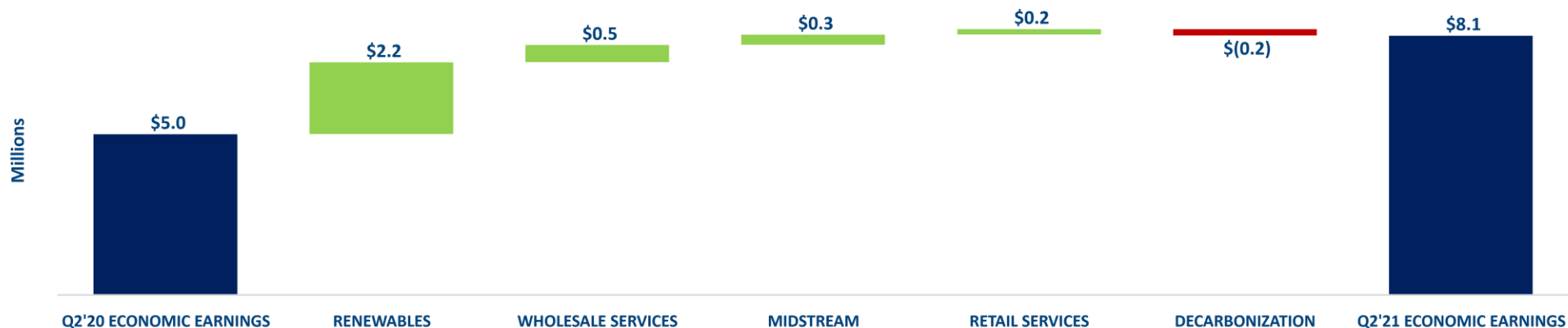
- **MARGIN:** *SJG rate relief, customer growth and infrastructure modernization investment*
- **OPERATION EXPENSES:** *O&M, bad debt, regulatory riders, and energy and other taxes*
- **DEPRECIATION:** *Utility investment in property, plant and equipment*
- **OTHER INCOME:** *Investment performance from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

* 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

Second Quarter 2021 Economic Earnings



Non-Utility Earnings Bridge – Q2 2020 to Q2 2021



- **RENEWABLES:** *Fuel Cell and Solar earnings and ITCs from projects placed in service last twelve months*
- **WHOLESALE SERVICES:** *Improved asset optimization opportunities, and fuel supply management contracts*
- **MIDSTREAM:** *AFUDC from PennEast Pipeline project*
- **RETAIL SERVICES:** *Meter reading/appliance services contracts and energy consulting fees*
- **DECARBONIZATION:** *Equity investment/expense in REV LNG, LLC*

Six Months 2021 Financial Review



Six Months 2021 Consolidated Earnings



Solid Economic Earnings Performance YTD

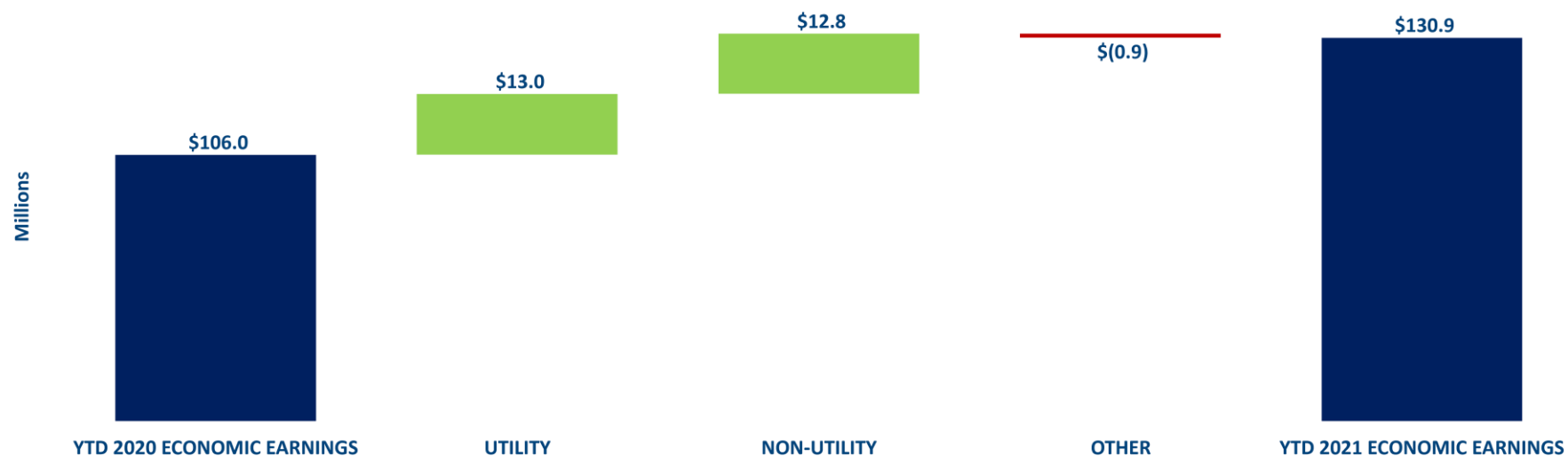
	Six months ended June 30, 2021				Six months ended June 30, 2020			
	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS	GAAP Earnings	GAAP EPS	Economic Earnings	Economic EPS
<u>UTILITY</u>								
South Jersey Gas	\$89.9	\$0.84	\$89.9	\$0.84	\$74.2	\$0.80	\$75.4	\$0.81
Elizabethtown Gas	\$35.0	\$0.33	\$35.0	\$0.33	\$35.9	\$0.39	\$35.9	\$0.39
<u>Elkton Gas</u>	<u>\$0.0</u>	<u>\$0.00</u>	<u>\$0.0</u>	<u>\$0.00</u>	<u>\$0.6</u>	<u>\$0.01</u>	<u>\$0.6</u>	<u>\$0.01</u>
Total	\$124.9	\$1.16	\$124.9	\$1.16	\$110.7	\$1.19	\$111.9	\$1.20
<u>NON-UTILITY</u>								
Energy Management	\$9.6	\$0.09	\$20.9	\$0.19	\$11.0	\$0.12	\$12.2	\$0.13
Energy Production	\$1.2	\$0.01	\$1.0	\$0.01	(\$3.4)	(\$0.04)	(\$2.9)	(\$0.03)
<u>Midstream</u>	<u>(\$85.1)</u>	<u>(\$0.79)</u>	<u>\$2.2</u>	<u>\$0.02</u>	<u>\$2.1</u>	<u>\$0.02</u>	<u>\$2.1</u>	<u>\$0.02</u>
Total	(\$74.4)	(\$0.69)	\$24.1	\$0.22	\$9.7	\$0.10	\$11.3	\$0.12
<u>OTHER</u>	(\$18.4)	(\$0.17)	(\$18.2)	(\$0.17)	(\$21.9)	(\$0.23)	(\$17.3)	(\$0.19)
TOTAL - Continuing Ops	\$32.1	\$0.30	\$130.9	\$1.22	\$98.5	\$1.06	\$106.0	\$1.14
Avg Shares Out (Diluted)		107.4		107.4		93.2		93.2

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



Six Months 2021 Economic Earnings

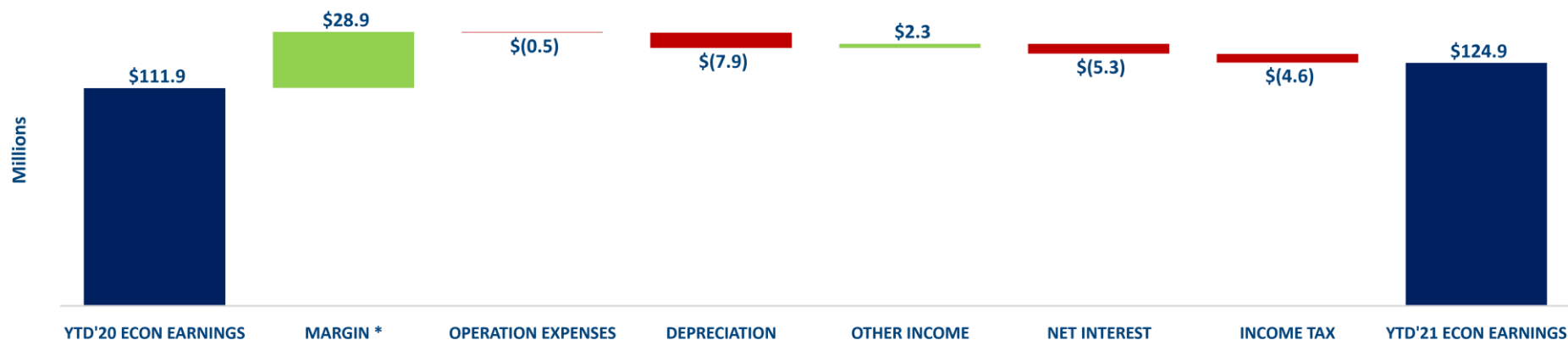
Consolidated Earnings Bridge – 2020 YTD to 2021 YTD



- **UTILITY:** SJG \$14.5M; ETG \$(0.9M); ELK \$(0.6M)
- **NON-UTILITY:** Energy Management \$8.7M; Energy Production \$3.9M; Midstream \$0.2
- **OTHER:** Interest on Debt \$(0.9M)

Six Months 2021 Economic Earnings

Utility Earnings Bridge – 2020 YTD to 2021 YTD

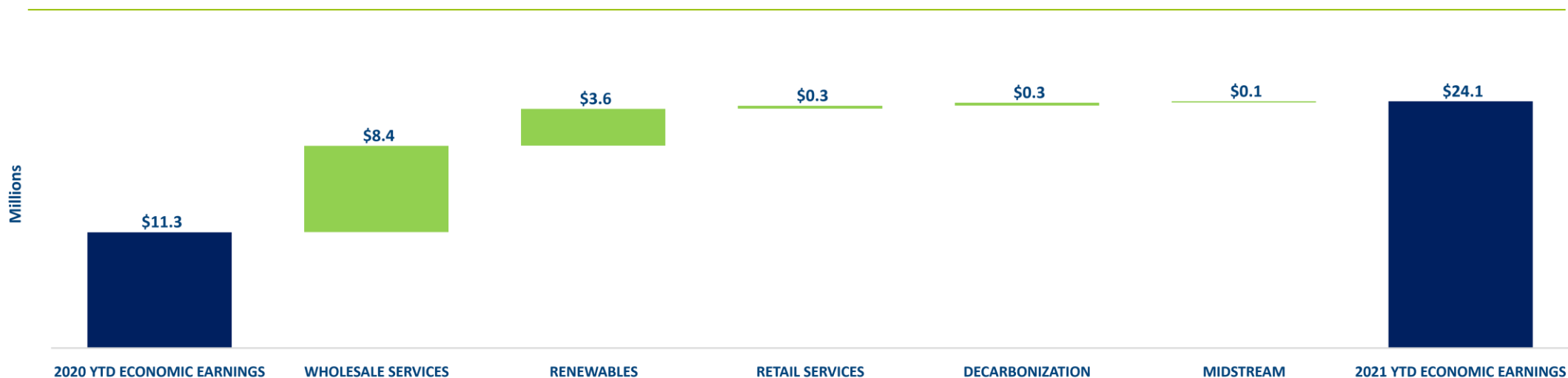


- **MARGIN:** SJG rate relief, customer growth and infrastructure modernization investment
- **OPERATION EXPENSES:** O&M, bad debt, regulatory riders, and energy and other taxes
- **DEPRECIATION:** Utility investment in property, plant and equipment
- **OTHER INCOME:** Investment performance from pension/other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

* 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

Six Months 2021 Economic Earnings

Non-Utility Earnings Bridge – 2020 YTD to 2021 YTD



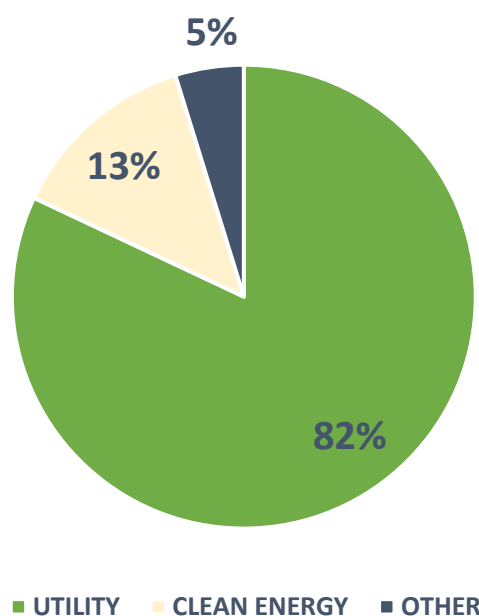
- **WHOLESALE SERVICES:** *Improved asset optimization opportunities, and fuel supply management contracts*
- **RENEWABLES:** *Fuel Cell and Solar earnings and ITCs from projects placed in service last twelve months*
- **RETAIL SERVICES:** *Meter reading/appliance services contracts and energy consulting fees*
- **DECARBONIZATION:** *Equity investment/expenses in REV LNG, LLC*
- **MIDSTREAM:** *AFUDC from PennEast Pipeline project*

Financial Metrics



Financial Metrics

Capital Expenditures (Six Month Period Ended June 30, 2021)



Category	2021 YTD (\$millions)	2021 GUIDANCE (\$millions)	Description
UTILITY	\$221	\$490-510	
System Growth & Maintenance	\$112	---	Projects to enhance the safety and reliability of SJG/ETG systems
Infrastructure Modernization	\$51	---	Replacement of aging pipeline for SJG (AIRP, SHARP) and ETG (IIP)
New Business	\$51	---	Addition of customers to SJG/ETG systems
Redundancy Projects	\$7	---	Critical supply/system reliability investments for SJG/ETG customers
NON-UTILITY	\$36	\$250-270	
Energy Production - Renewables	\$18	~\$240-250	Investments supporting renewable goals
Energy Production - Decarbonization	\$17		Investments supporting decarbonization goals
Energy Management	\$0	\$5-10	Wholesale services to utilities/power generators and retail consulting/services
Midstream	\$1	\$5-10	Energy infrastructure projects (PennEast Pipeline)
OTHER	\$12		Corporate allocations
TOTAL INVESTING ACTIVITY	\$269	\$740-780	

Financial Metrics

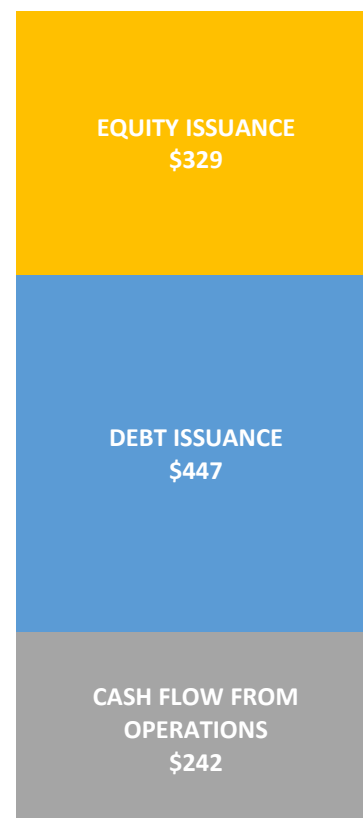
Capital Sources and Uses

(Six Month Period Ended June 30, 2021)

Capital Sources ~1.0B

Capital Uses ~1.0B

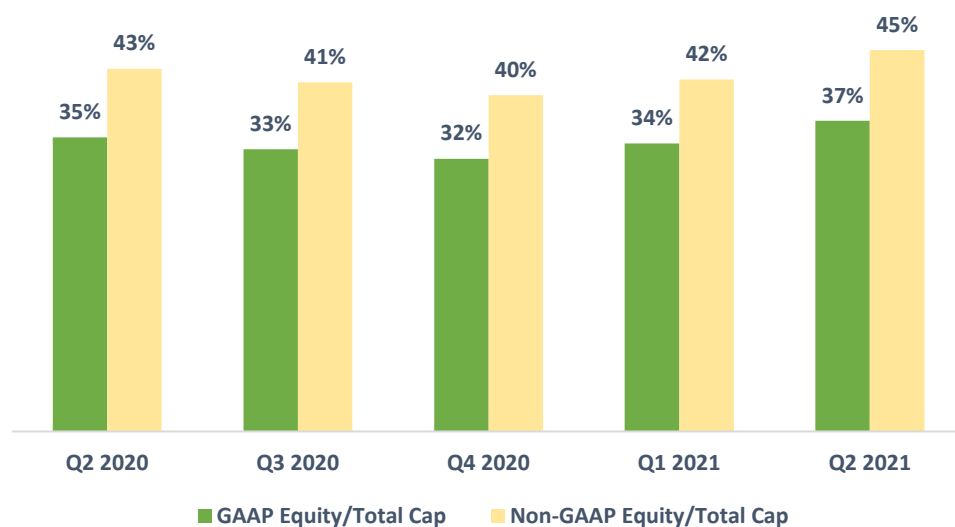
Millions



Financial Metrics

Equity Capitalization / Credit Ratings

Equity-to-Total Cap



Note: Non-GAAP includes mandatory convertible equity units and equity credit from rating agencies for long-duration debt. Results are rounded.

Credit Ratings

S&P

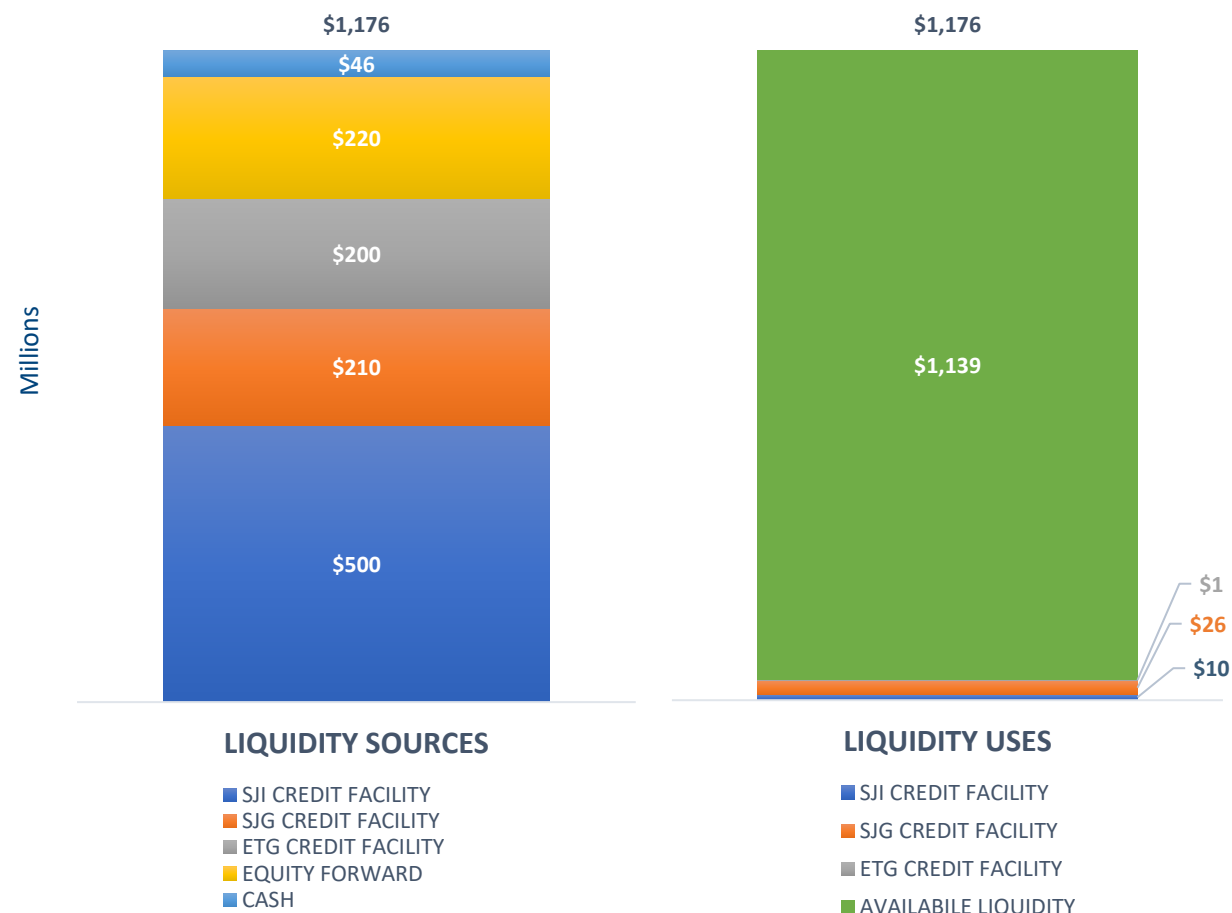
SJI	SJG	ETG
BBB	BBB	BBB
Stable	Stable	Stable

Moody's

SJI	SJG	ETG
NR	A3	NR
NR	Stable	NR

Financial Metrics

Liquidity (June 30, 2021)

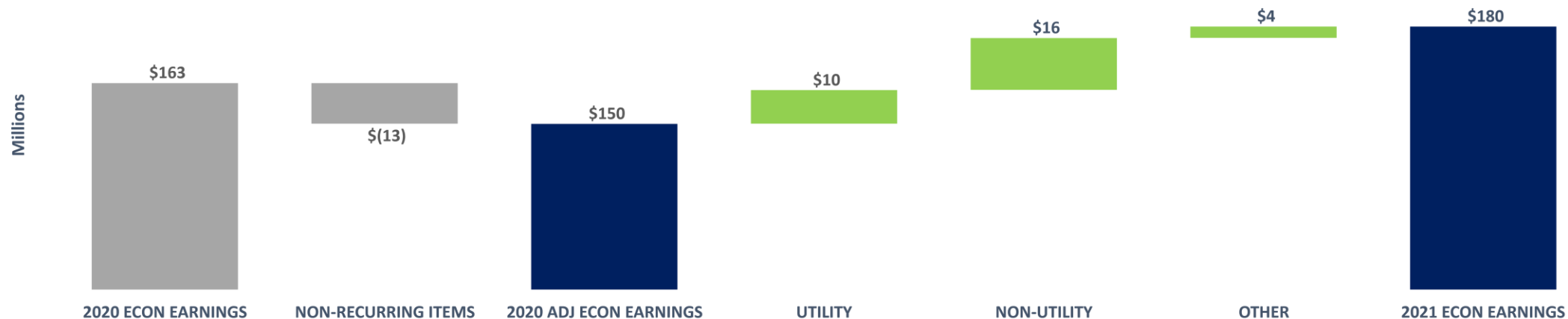


Guidance and Outlook



2021 Economic Earnings Guidance

Reaffirmed Midpoint Guidance By Segment – 2020 to 2021



- **NON-RECURRING ITEMS:** 2020 results included ~\$13M in nonrecurring gains — adjustments for certain tax benefits (~\$7M), adjustments to SJG's rate design (~\$3M) and pipeline supplier refunds (~\$3M)
- **UTILITY:** SJG rate relief effective 10/1/20; Customer Growth; Infrastructure Modernization Investments
- **NON-UTILITY:** Energy Management asset optimization; Energy Production renewable and decarbonization investments
- **OTHER:** Interest on debt, net of debt repayments and refinancing
- **CAPITAL EXPENDITURES:** \$740-780M (Utilities \$490-510M / Energy Production \$240-250M / Energy Management \$5-10M / Midstream \$5-\$10M)
- **AVERAGE DILUTED SHARES:** 110-112M

Strong Growth Through 2025 and Beyond



Driving Significant Shareholder Value

SECTOR FUNDAMENTALS	STRATEGIC PLAN	FINANCIAL TARGETS
<p>\$3B+ existing infrastructure are valuable assets, performing essential role supplying reliable energy to homes and businesses and supporting economic growth</p>	<p>Utilities will remain our core growth engine, focused on infrastructure modernization</p>	<div><div>5-8% ECONOMIC EPS CAGR 2021-2025</div><div>~3% DIV PER SHARE CAGR 2021-2025</div></div>
<p>Energy markets across the U.S. and New Jersey accelerating transition toward low carbon and renewables</p>	<p>Utility and Non-Utility strategies align with goals of our region, with increased focus on decarbonization initiatives</p>	<div><div>~\$3.5B PLANNED CAPEX 2021-2025</div><div>~10% RATE BASE CAGR 2021-2025</div></div>
<p>Renewables, including fuel cells and solar, align with public policy goals of our region</p>	<p>Committed to balance sheet strength, liquidity and credit metrics to solidify execution of our growth plans</p>	<div><div>~30% CFO CAGR 2021-2025</div></div>
<p>Decarbonization, via RNG and Hydrogen, are vital to achieving emissions-reduction targets</p>	<p>Strategic plan delivers highly predictable and sustainable long-term EPS growth</p>	



Appendix



Complementary Infrastructure Businesses Across The Energy Value Chain



SOUTH JERSEY INDUSTRIES

Utility

South Jersey Gas

Elizabethtown Gas

Midstream

PennEast Pipeline

Non-Utility

Energy Production

Energy Management

Renewables

Decarbonization

Wholesale
Services

Retail
Services



Our Mission

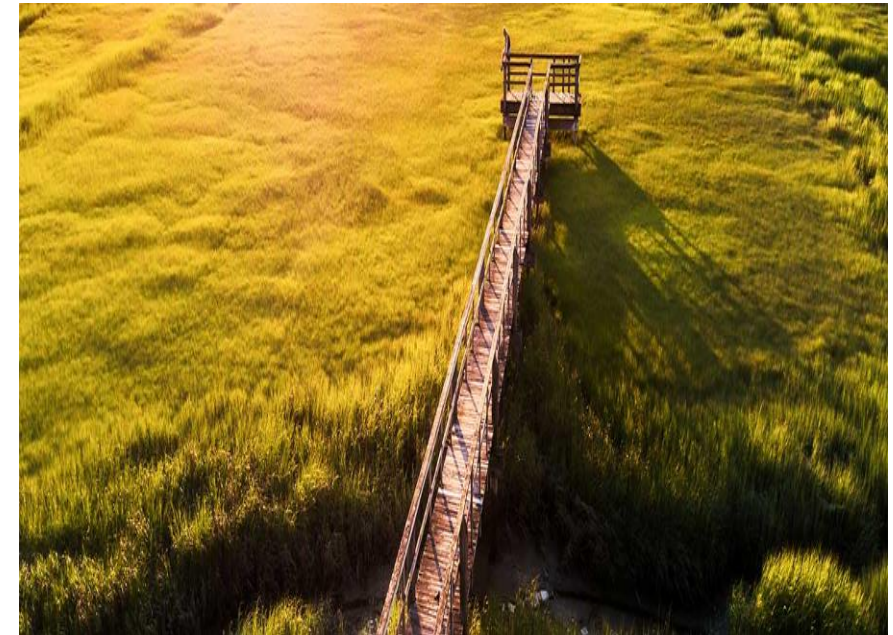
21st Century Clean Energy Infrastructure Company

- **\$3B+ infrastructure company supplying safe, reliable and affordable energy and supporting economic growth**
- **U.S. and New Jersey accelerating transition to low carbon and renewable energy future**
- **Launched utility-centered \$3.5B, 5-year capital plan -- with ~60% for sustainability investment**
- **Utilities will remain our core growth engine -- focus on infrastructure modernization to ensure safety, reliability and redundancy to 700,000+ customers**
- **Disciplined non-utility strategy is complementary to utility business -- aligns with clean energy goals of our region focusing on decarbonization investments that generate strong project returns and predictable earnings**
- **Committed to investment grade balance sheet, ample liquidity and solid credit metrics to execute growth plan**
- **Delivers highly predictable and sustainable earnings per share growth through 2025 and beyond**

Decarbonization Goals

Our Pathway To A Clean Energy Future

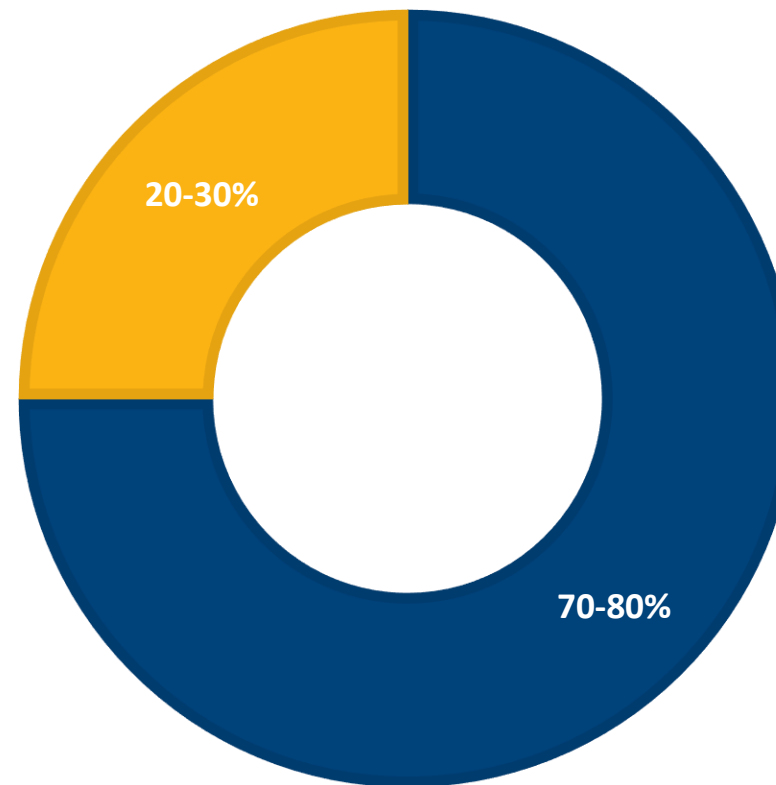
- **70% Reduction in Carbon Emissions and Consumption by 2030**
- **100% Reduction in Carbon Emissions and Consumption by 2040**
- **At least 25% of Annual Capex on Sustainability Investments**



Regulated Earnings



*Utilities Remain Our Core Growth Engine
in 2021-2025 and Beyond*



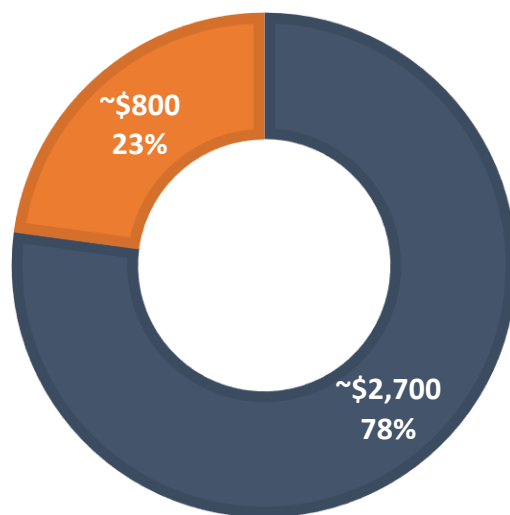
■ REGULATED ■ NON-REGULATED



Capital Expenditures

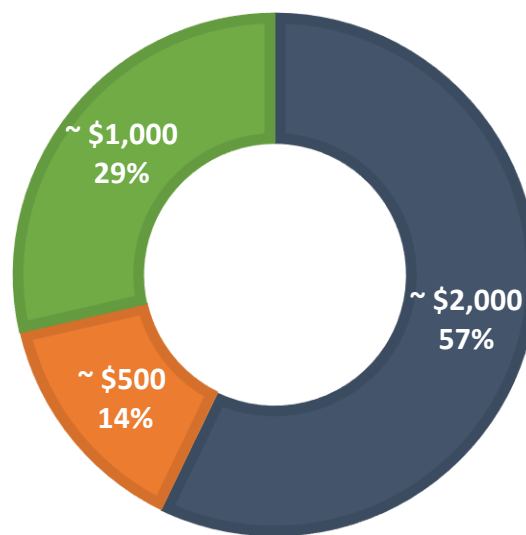
~\$3.5 Billion Capital Plan 2021-2025

*~80% for Utilities
(SJG/ETG)*



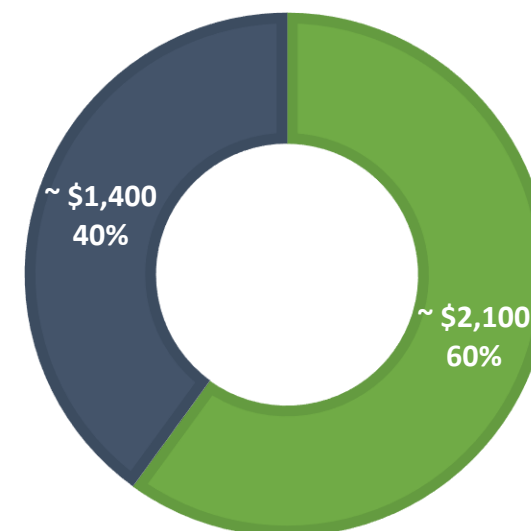
■ Utilities ■ Non-Utility

*~60% for Safety
& Reliability*



■ Safety & Reliability ■ New Business ■ Clean Energy

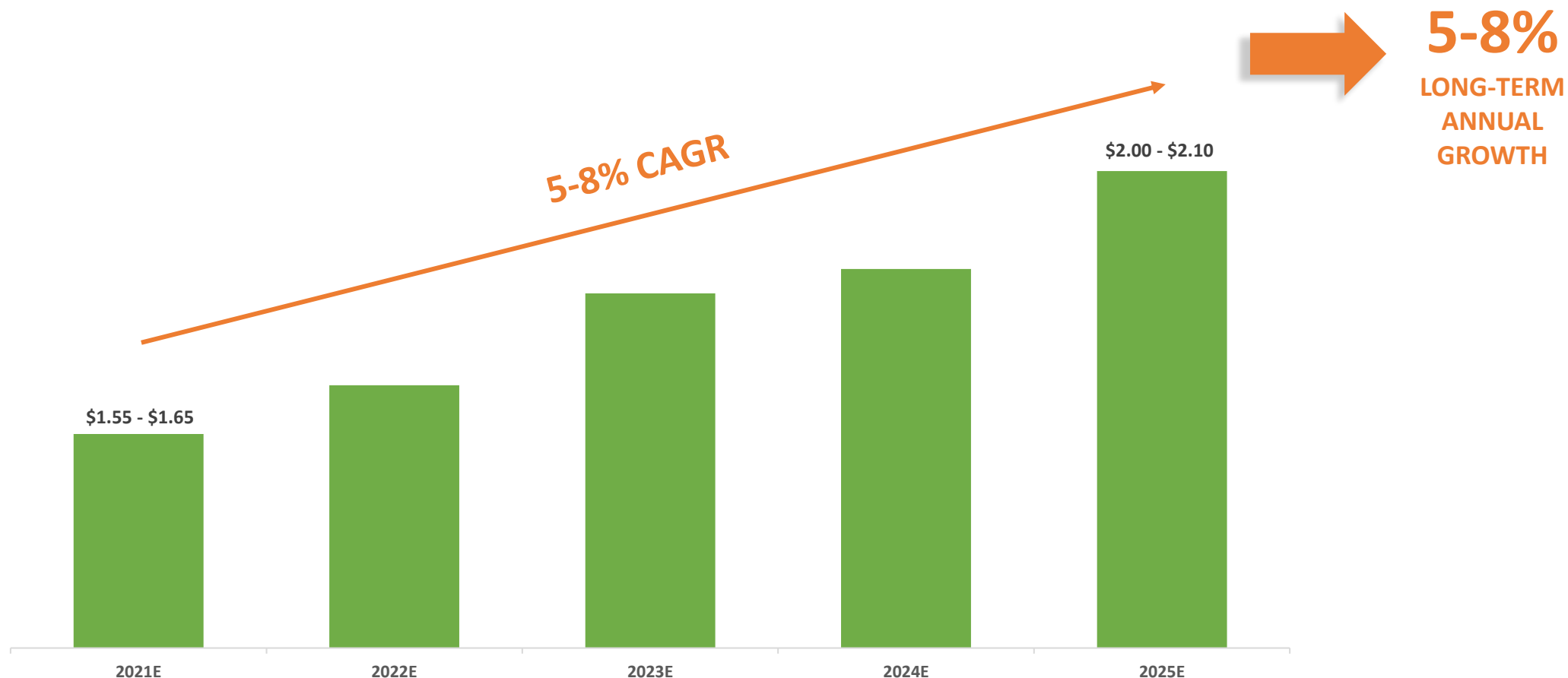
~60% for Sustainability



■ Sustainability ■ Traditional

Economic EPS Guidance

Attractive 2021-2025 and Long-Term Economic EPS CAGR 5-8%



Capital Allocation

Disciplined Approach Balances Financial Strength With Strong Growth

Capital Allocation Priority		2021-2025 Plan
Allocate capital first at utility operating companies to ensure system safety and reliability	→	~60% of 5-year capital plan dedicated to safety and reliability investments at SJG/ETG
Invest in system growth and maintenance at utility operating companies	→	~80% of 5-year capital plan dedicated to SJG/ETG
Invest in clean energy renewable and decarbonization projects that provide attractive risk-adjusted returns	→	Expected to exceed hurdle rate of 10-12% return on unlevered basis for non-utility businesses
Continue strengthening balance sheet and credit metrics	→	Equity-to-Total Cap target 40-45% FFO-to-Debt target 12%+ BBB/Stable credit ratings target
Return cash to shareholders	→	70 years paying dividends 22 consecutive years raising dividend

Future Growth Opportunities

Focused on Both Utility and Non-Utility Investments

	HISTORIC TRACK RECORD	PRESENT	FUTURE OPPORTUNITIES
REDUCING ENERGY CONSUMPTION/EMISSIONS	Conservation Incentive Program (SJG) Replacement of Aging Infrastructure (SJG)	Conservation Incentive Programs (SJG and ETG) Replacement of Aging Infrastructure (SJG and ETG)	SJG/ETG/Transmission Sizable Inventory For Pipeline/Infrastructure Modernization
DEPLOYMENT OF RENEWABLE ENERGY	Solar Combined Heat-and-Power (CHP) Landfill Gas-To-Electricity	Fuel Cells Solar	Fuel Cells Solar
MAXIMIZING ENERGY EFFICIENCY	Energy Efficiency Program (SJG)	Energy Efficiency Programs (SJG and ETG)	Energy Efficiency Programs
MODERNIZING VIA TECHNOLOGY	Environmental Management System	Environmental Management System Renewable Natural Gas Green Hydrogen Pilot	Smart Meters Renewable Natural Gas Green Hydrogen

Q&A

