



# Chesapeake Utilities Corporation (CPK)

Updated May 19<sup>th</sup>, 2026, by Kody Kester

## Key Metrics

<b>Current Price:</b>	\$128	<b>5 Year CAGR Estimate:</b>	11.7%	<b>Market Cap:</b>	\$3.1B
<b>Fair Value Price:</b>	\$136	<b>5 Year Growth Estimate:</b>	8.5%	<b>Ex-Dividend Date:</b>	06/15/2026
<b>% Fair Value:</b>	94%	<b>5 Year Valuation Multiple Estimate:</b>	1.2%	<b>Dividend Payment Date:</b>	07/06/2026
<b>Dividend Yield:</b>	2.3%	<b>5 Year Price Target</b>	\$204	<b>Years Of Dividend Growth:</b>	23
<b>Dividend Risk Score:</b>	B	<b>Sector:</b>	Utilities	<b>Rating:</b>	Buy

## Overview & Current Events

Founded in 1947 and tracing its roots back to the Dover Gas Light Company in 1859, Chesapeake Utilities Corporation (CPK) is a diversified energy delivery company operating primarily in the Mid-Atlantic region (Delaware, Maryland, Virginia, and Pennsylvania), North Carolina, South Carolina, Florida, and Ohio. The company is engaged in the distribution of natural gas, propane, and electricity, as well as the generation of electricity and steam, and the provision of mobile compressed natural gas.

CPK operates the two reportable segments:

- Regulated Energy:** This segment is made up of natural gas transmission services businesses, as well as natural gas and electric distribution businesses. That's via numerous subsidiaries. The most recent addition was Florida City Gas, which was previously owned by NextEra Energy's Florida Power & Light Company. In November 2023, CPK completed this transaction for \$922.8 million in cash. It serves residential and commercial natural gas customers across eight counties in Florida, including Miami-Dade, Broward, Brevard, and Palm Beach.
- Unregulated Energy:** The Unregulated Energy segment sells propane to residential, commercial, industrial, and wholesale customers. This is through its Sharp Energy, Inc., SharpGas, Inc., Diversified Energy, FPU, Marlin Gas Services, and Flo-gas subsidiaries. It also includes CHP, CNG, and Ohio transmission.

On May 6, CPK shared its earnings report for the first quarter ended March 31, 2026. The company's operating revenue rose by 18.2% over the year-ago period to \$353.1 million during the quarter. That was powered by a mix of transmission projects placed into service in recent quarters, constructive rate case outcomes in Maryland, Delaware, and Florida, and colder weather in the quarter. CPK's adjusted diluted EPS surged 11.3% higher year-over-year to \$2.47 for the quarter. This topped the analyst consensus during the quarter by \$0.09. On the same day, CPK also upped its quarterly dividend per share by 7.3% to \$0.735, with a pay date of July 6 to shareholders of record as of June 15.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$2.86	\$3.55	\$3.31	\$3.72	\$4.21	\$4.73	\$5.04	\$5.31	\$5.39	\$6.01	<b>\$6.46</b>	<b>\$9.71</b>
<b>DPS</b>	\$1.19	\$1.26	\$1.39	\$1.55	\$1.69	\$1.80	\$2.03	\$2.25	\$2.47	\$2.70	<b>\$2.94</b>	<b>\$4.12</b>
<b>Shares<sup>1</sup></b>	16.3	16.3	16.4	16.4	17.5	17.7	17.7	22.1	22.8	23.9	<b>24.0</b>	<b>29.0</b>

Since 2016, CPK has grown its adjusted diluted EPS by almost 9% annually. Moving forward, we think that adjusted diluted EPS can compound by 8.5% annually through 2031, off an anticipated 2026 base of \$6.46. That's because the company has identified approximately \$1.6 billion of capital projects over the next five years. CPK believes that these projects can support its five-year capex guidance of between \$1.5 billion and \$1.8 billion. Importantly, roughly 70% of capital spending is expected to be with existing regulatory approvals or recovery mechanisms. This bolsters the stability of the underlying cash flows that will be generated from these investments.

<sup>1</sup> Share count is in millions.



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## Valuation Analysis

Year	2016	2017	2018	2018	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	23.4	22.1	24.6	25.8	25.7	30.8	23.5	19.9	22.6	20.7	19.8	21.0
Avg. Yld.	1.8%	1.6%	1.7%	1.6%	1.6%	1.2%	1.7%	2.1%	2.0%	2.2%	2.3%	2.0%

Over the past decade, CPK's shares have been valued at a P/E ratio as low as the high teens to as much as the low 30s. The average P/E ratio over this time was around 24. In the years ahead, we anticipate that higher interest rates will pressure the valuation multiple. This is why we continue to believe that a rational fair value for shares is around a P/E ratio of 21. Relative to the current P/E ratio of 19.8, shares are slightly discounted.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	42%	35%	42%	42%	40%	38%	40%	42%	46%	45%	46%	42%

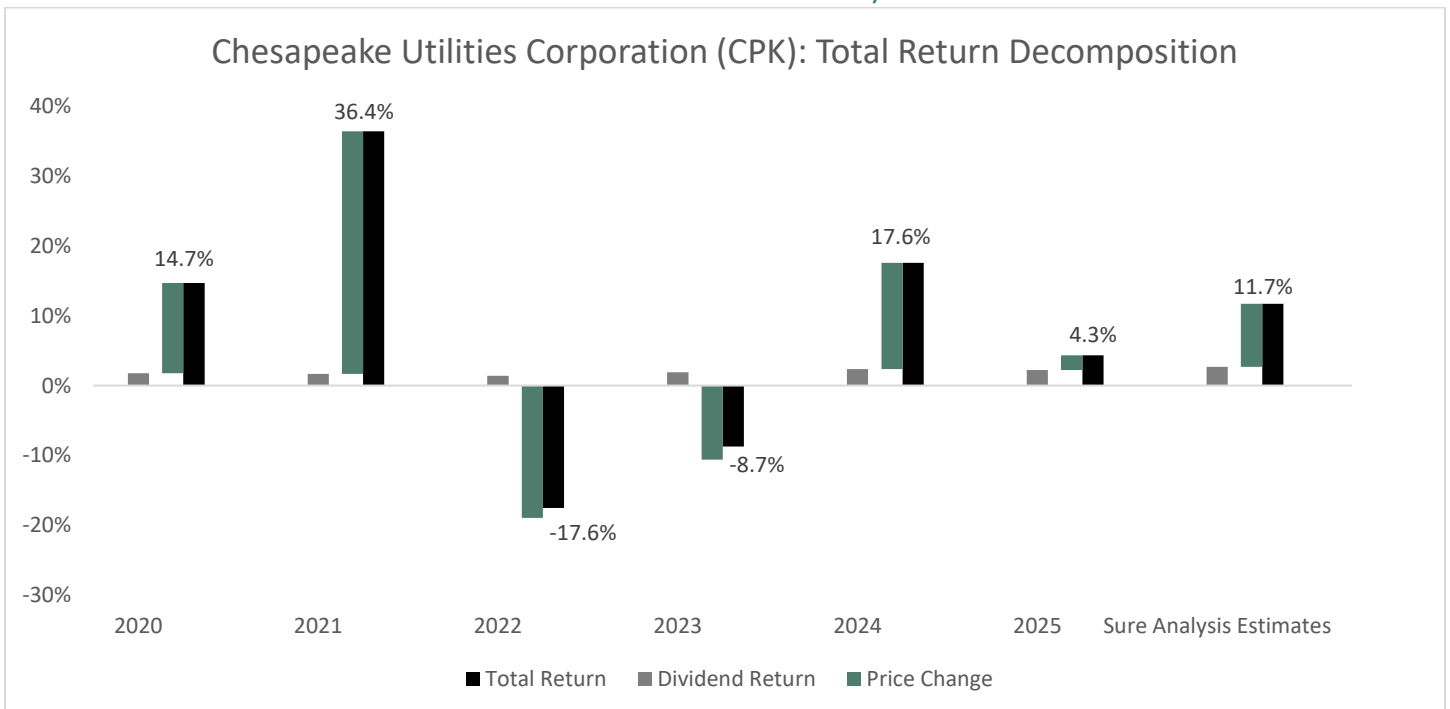
CPK's slower-growing and more predictable regulated energy businesses help to balance out the faster-growing but more volatile unregulated energy businesses. That's how the company has generated adjusted diluted EPS growth in all but one of the past 10 years.

CPK is also a financially sturdy business. In March 2025, Fitch issued its inaugural investment-grade, BBB+ long-term credit rating. That rating also has a stable outlook. That provides CPK with access to low-cost capital, which should help it execute its five-year capital spending plan. The company's payout ratio remains poised to be in the mid-40% range for 2026, which also gives it plenty of retained capital for growth spending. This is why we believe that high-single-digit annual dividend growth can persist for the foreseeable future.

## Final Thoughts & Recommendation

CPK's 2.3% yield, 8.5% annual adjusted diluted EPS growth prospects, and 1.2% annual valuation multiple upside potential could produce 11.7% annual total returns through 2031. This is why we're maintaining our Buy rating.

## Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	499	617	490	480	488	571	681	669	788	930
<b>Gross Profit</b>	101	108	112	125	132	149	165	190	271	294
<b>Gross Margin</b>	20.1%	17.4%	22.9%	26.0%	27.1%	26.1%	24.2%	28.3%	34.4%	31.6%
<b>D&amp;A Exp.</b>	39	45	49	55	68	73	80	77	82	108
<b>Operating Profit</b>	86	90	94	105	110	124	139	161	234	258
<b>Op. Margin</b>	17.2%	14.7%	19.2%	21.8%	22.6%	21.8%	20.5%	24.1%	29.7%	27.7%
<b>Net Profit</b>	45	58	57	61	71	83	90	87	119	140
<b>Net Margin</b>	8.9%	9.4%	11.6%	12.7%	14.5%	14.6%	13.2%	13.0%	15.1%	15.1%
<b>Free Cash Flow</b>	(66)	(65)	(123)	(82)	(7)	(36)	31	15	(116)	(215)
<b>Income Tax</b>	28	14	21	21	24	29	34	28	43	53

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	1,229	1,415	1,694	1,783	1,932	2,115	2,215	3,305	3,577	4,043
<b>Cash &amp; Equivalents</b>	4	6	6	7	3	5	6	5	8	2
<b>Acc. Receivable</b>	63	77	52	47	56	56	62	68	66	92
<b>Inventories</b>	17	26	20	15	14	25	33	34	31	31
<b>Goodwill &amp; Int.</b>	17	24	25	41	47	58	64	525	523	521
<b>Total Liabilities</b>	783	929	1,175	1,222	1,235	1,341	1,382	2,059	2,187	2,444
<b>Accounts Payable</b>	57	75	99	54	60	53	61	77	78	115
<b>Long-Term Debt</b>	149	207	328	496	532	576	612	1,216	1,296	1,470
<b>Total Equity</b>	446	486	518	562	697	774	833	1,246	1,390	1,599
<b>LTD/E Ratio</b>	0.80	0.94	1.20	1.33	1.02	1.03	0.98	1.12	1.08	1.02

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	3.9%	4.4%	3.7%	3.5%	3.8%	4.1%	4.1%	3.2%	3.4%	3.7%
<b>Return on Equity</b>	11.1%	12.5%	11.3%	11.3%	11.2%	11.3%	11.2%	8.4%	9.0%	9.4%
<b>ROIC</b>	6.0%	6.6%	5.5%	5.0%	5.2%	5.6%	5.6%	4.1%	4.3%	4.6%
<b>Shares Out.</b>	16.3	16.3	16.4	16.4	17.5	17.7	17.7	22.1	22.8	23.9
<b>Revenue/Share</b>	31.99	37.69	29.86	29.16	29.11	32.35	38.25	36.31	34.95	39.59
<b>FCF/Share</b>	(4.26)	(3.98)	(7.49)	(4.97)	(0.39)	(2.07)	1.72	0.81	(5.14)	(9.15)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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