

OneSJI

ANNUAL MEETING INFORMATION

The Annual Meeting of Shareholders will be held
Friday, April 26, 2019 at 9:00 a.m.
at Hard Rock Hotel & Casino
1000 Boardwalk, Atlantic City, New Jersey 08401

TRANSFER AGENT/SHAREHOLDER INQUIRIES

Broadridge Corporate Issuer Solutions,
PO Box 1342, Brentwood, NY 11717-0718
shareholder.broadridge.com/sji
Toll-Free: 1.888.754.3100
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TDD for the hearing impaired: 1.855.627.5080



1 South Jersey Plaza
Folsom, NJ 08037
609.561.9000
sjindustries.com



ONE SJL

A title that tells our story.
Two words that convey our
core strength – our people
and our unified focus on
growth from regulated
investments.

LETTER TO SHAREHOLDERS

AT SJI, WE'RE COMMITTED TO PROVIDING SAFE, RELIABLE, AFFORDABLE ENERGY SERVICES, ENSURING THE SAFETY OF OUR EMPLOYEES, CUSTOMERS AND THE COMMUNITIES WE SERVE, WHILE ALSO DELIVERING VALUE FOR OUR SHAREHOLDERS.

In 2018, we navigated one of the most transformational years in our history – while reinforcing the foundation for future long-term growth.

Utility Acquisition Complete

We completed the acquisition of Elizabethtown Gas and Elkton Gas in July, growing our customer base to nearly 700,000 and increasing our opportunity for continued organic growth and infrastructure investment.

Business Transformation

In June, the company entered into an agreement to sell our portfolio of solar energy projects. In November, we further refined our business focus, completing the sale of our non-regulated retail gas marketing business within South Jersey Energy and Open Flow Energy. Additionally, our wholesale gas supply

business saw three additional fuel supply management contracts come on-line, for a total of eight contracts currently being served. Each of these initiatives supports our strategic plan to reinforce our focus on reliable, repeatable earnings that complement regulated growth.

Regulatory Progress

Working in collaboration with the New Jersey Board of Public Utilities, we continue to develop innovative solutions to better serve our customers. In 2018, South Jersey Gas received approval for an expanded energy efficiency program, designed to make energy efficiency more accessible and affordable for our customers. South Jersey Gas also received approval for SHARP II, an extension of our Storm Hardening and Reliability Program, designed to improve system

resiliency in our coastal communities. Elizabethtown Gas also filed a proposal in 2018 with the New Jersey Board of Public Utilities to implement a five-year infrastructure investment program, designed to enhance safety and reliability, modernizing our system to improve the quality of service for our customers.

South Jersey Gas Atlantic City Headquarters

In November, more than 200 South Jersey Gas employees moved into their new, state-of-the-art headquarters in Atlantic City – returning to the very city where we got our start. We are incredibly proud to be an anchor of the Gateway project and to help drive Atlantic City's renaissance.

Community Investment

Throughout 2018 we invested our time and resources in the communities we serve. We supported local first responders, youth

athletic programs, STEM and vocational programs, health and social services organizations, community enrichment initiatives and environmental stewardship efforts. Additionally, our employees volunteered over 1,000 hours to support the causes and organizations that benefit the communities we serve.

This report highlights the many successes of a historic 2018. It also speaks to our talented and hardworking team, a team we are proud to be part of and one we know is ready for the challenges that will surely come as we navigate our first full year operating three utilities.

As One SJI – we remain driven by our commitment to our customers, to our community and to you, our shareholders.

Thank you for your continued interest and investment in SJI.



A blue ink signature of Michael J. Renna, written in a cursive style.

Michael J. Renna, President & CEO



A blue ink signature of Walter M. Higgins III, written in a cursive style.

Walter M. Higgins III, Chairman

GROWING REGULATED FOCUS

Transforming the Business

Performance in 2018 reflected our commitment to high quality earnings growth - from the acquisitions of Elizabethtown Gas and Elkton Gas, to continued industry leading customer growth for South Jersey Gas and strong performance from our wholesale marketing and fuel supply management businesses.

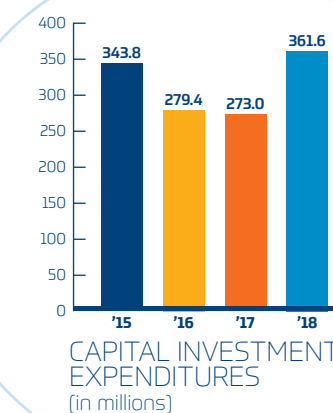
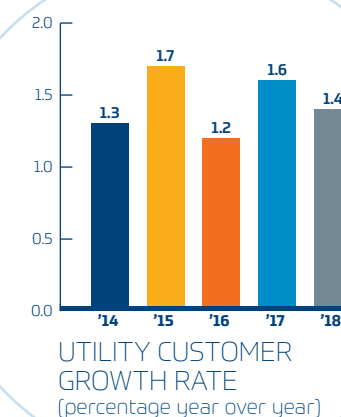
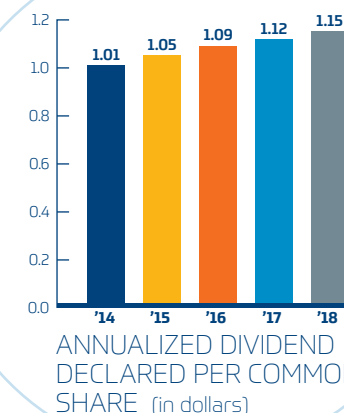
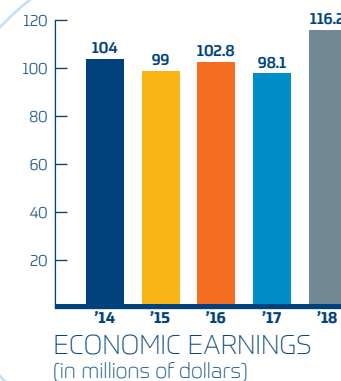
SJI Economic Earnings totaled \$116.2 million in 2018, compared with \$98.1 million in 2017. These results were achieved through strong performance in our regulated operations with SJI Utilities contributing \$88.8 million, a 16.2% increase from utility operations in the prior year.

Our commodity marketing and fuel management businesses, within South Jersey Energy Group, contributed \$42.6 million to Economic Earnings in 2018, doubling 2017 performance. Consistent with our strategy, in 2018 we brought three fuel supply management contracts on-line, and ended the year with eight operating contracts currently being served. We also divested our retail gas business during the fourth quarter due to extremely thin margins available in the retail market.

Our energy production business, housed within South Jersey Energy Services, produced an Economic Earnings loss of \$0.6 million in 2018 as compared to a loss of \$2.7 million in the prior year. This improvement stemmed largely from the strategic decision to sell our solar energy project portfolio in June 2018.

SJI Midstream, contributed \$3.1 million to Economic Earnings in 2018, down from 2017 due to the reduced benefit of AFUDC, which resulted from the modified PennEast capital structure.

As One SJI, we work every day to deliver the exceptional experience our customers demand and deserve.



Performance at a Glance

*2018 data includes six months of Elizabethtown Gas and Elkton Gas performance.

LEADING THE WAY

Exceeding Customer Expectations

SJI Utilities, the new holding company for our regulated natural gas utilities, serves nearly 700,000 customers across three utilities, including South Jersey Gas and Elizabethtown Gas in New Jersey and Elkton Gas in Maryland.

We are presently the second largest provider of natural gas distribution in New Jersey and the third largest local gas provider in the United States, based on enterprise value. With our collective operational expertise under this newly formed holding company, we can ensure our ability to build the partnerships needed to advance the people, processes and technology that will drive our business forward.

Additionally our collective assets allow for improved benchmarking of best practices and the identification of potential operating efficiencies across our combined 10,000 miles of natural gas distribution and transmission lines. As One SJI, our commitment to providing safe, reliable, affordable service while prioritizing customer satisfaction and delivering shareholder value is unwavering.

Delivering an Exceptional Customer Experience

SJI Utilities leads the way in customer experience. For four years in a row, Elizabethtown Gas has ranked highest in customer satisfaction for residential gas service among east midsize utilities by J.D. Power and Associates. At South Jersey Gas, we continue to see improvement on our J.D. Power and Associates scores, maintaining our rank as third in the east midsize category while also increasing our score. This progress can be attributed to our South Jersey Gas



Customer Experience Initiative launched in 2016. Since then our score has improved by 52 points and our rank has improved from sixth to third.

Infrastructure Investment

In 2018, all utility companies successfully completed gas distribution and transmission line improvements and upgrades for greater assurance of safe, reliable service. In 2018, South Jersey Gas installed 152 miles of main, Elizabethtown Gas installed 173 miles, and Elkton Gas installed 0.2 miles to reinforce reliability and better meet the growing needs of our customers. Safety continues to be our top priority, and the investments we make help to ensure the safety of our employees, customers and the communities we serve.

Financial Assistance

Across all our utilities, we continued to partner with providers to promote financial assistance for those in need, advocating for

programs including the Low-Income Home Energy Assistance Program (LIHEAP), Payment Assistance for Gas and Electric (PAGE) and NJ SHARES, as well as other grants and relief funds administered by our state and federal agency partners. In 2018, these programs provided 62,251 eligible households with more than \$15 million.

Energy Efficiency

South Jersey Gas and Elizabethtown Gas have long prioritized energy efficiency programs to help customers reduce their

energy consumption and costs. To date, more than 16,000 customers have participated in these programs. In 2018, South Jersey Gas received approval from the New Jersey Board of Public Utilities for an expanded energy efficiency program aimed at making efficiency even more accessible, offering \$81.3 million for rebates, financing and home energy audits as well as solutions for large commercial customers.



ENSURING RELIABILITY

Protecting Consumers

In January 2018, the Federal Energy Regulatory Commission (FERC) issued a certificate of public convenience and necessity for the PennEast pipeline project. This authorized PennEast, of which Midstream has a 20% equity interest, to construct, install, own, operate and maintain the pipeline. While some appeals by project opponents are still pending, a December 2018 ruling from the U.S. District Court of New Jersey allowed PennEast to proceed with survey work that supports the completion and submission of water permit applications to the New Jersey Department of Environmental Protection (NJDEP). We look forward, with our partners, to beginning construction upon receipt of these approvals.

Once in operation, PennEast will deliver clean and reliable energy across New Jersey and Pennsylvania, reducing our region's reliance on coal and oil as well as reducing air emissions. This over \$1.0 billion investment will bring local, lower-priced natural gas to families and businesses in the communities we serve, helping protect consumers in our area from spikes in natural gas prices that can occur when weather extremes drive up energy demand. In addition to affordable, clean, reliable energy, PennEast will also bring 12,160 direct and indirect jobs to the region.



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OPTIMIZING ASSETS

Driving Earnings

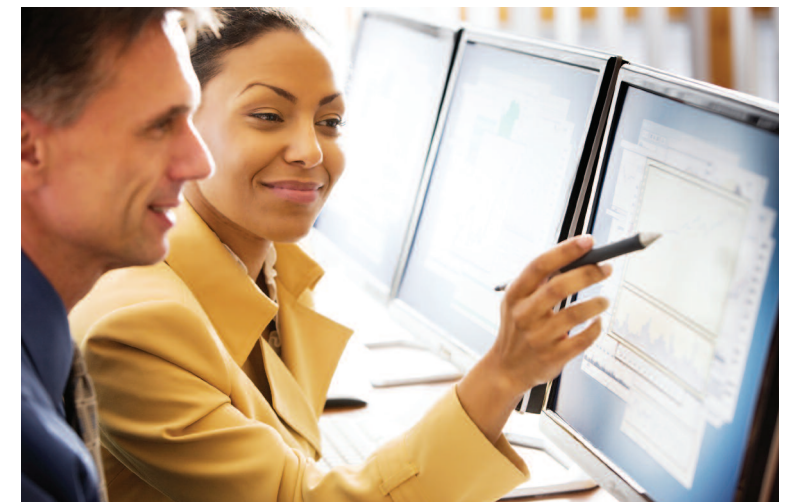
In 2018, South Jersey Energy Services continued to optimize the value of our non-core, non-regulated businesses, while operating our existing assets with a focus on cash production. This strategy resulted in the sale of our solar energy project portfolio in 2018, which marked a significant step forward in our business transformation to support our long-term strategic plan. We are pursuing that same strategy with our remaining energy production facilities in 2019.

Our wholesale business, South Jersey Resources Group, part of South Jersey Energy Group, benefited from extreme cold in early January and an overall colder-than-average winter, delivering record Economic Earnings of \$35.2 million, compared to \$16.0 million in 2017.

Performance also benefited from our growing fuel supply management portfolio. We currently serve eight facilities, three of which came on-line in the second half of 2018, and have three additional contracts executed. In total, these contracts have a collective capacity of 9,381 MW and a contracted volume of 1.4 BCF/day. This area of the business contributed \$8.5 million to Economic Earnings in 2018, and we continue to evaluate new opportunities to add contracted margin and repeatable earnings.

In 2018, we further narrowed our non-utility focus, prioritizing wholesale commodity marketing, asset optimization and fuel supply management, and selling our retail gas business previously housed within South Jersey Energy and Open Flow Energy.

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BOARD AND OFFICERS

SJI BOARD OF DIRECTORS

Walter M. Higgins III (Chairman)
Sarah M. Barpoulis
Thomas A. Bracken
Keith S. Campbell
Victor A. Fortkiewicz
Sheila Hartnett-Devlin, CFA
Sunita Holzer
Michael J. Renna (President & CEO)
Joseph M. Rigby
Frank L. Sims

SJI SENIOR EXECUTIVES

Michael J. Renna

President & Chief Executive Officer

Stephen H. Clark

Executive Vice President; President & Chief Operating Officer, South Jersey Energy Solutions; President & Chief Operating Officer, SJI Midstream

Steven R. Cocchi

Senior Vice President & Chief Strategy and Development Officer

Cielo Hernandez

Senior Vice President & Chief Financial Officer

Kenneth Lynch

Senior Vice President & Chief Accounting and Risk Officer

Kathleen A. McEndy

Senior Vice President & Chief Administrative Officer

Melissa Orsen

Senior Vice President & Corporate Counsel

David Robbins Jr.

Senior Vice President; President, SJI Utilities; President, South Jersey Gas

