

Investor Presentation



May 2020



Forward-Looking Statements

The statements in this presentation by RGC Resources, Inc. (the "Company") that are not historical facts constitute "forward-looking statements" made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. These statements include the Company's expectations regarding earnings per share, EBITDA, future expansion opportunities, natural gas reserves and potential discoverable natural gas reserves, technological advances in natural gas production, comparison of natural gas consumption and natural gas production, cost of natural gas, including relativity to other fuel sources, demand for natural gas, possibility of system expansion, general potential for customer growth, relationship of Company with primary regulator, future capital expenditures, current and future economic growth, estimated completion dates for Mountain Valley Pipeline ("MVP") and MVP Southgate milestones, potential of MVP to provide an additional source of natural gas, additional capacity to meet future demands, increased capital spending and area expansion opportunity and potential new customers and rate growth in potential expansion area. Management cautions the reader that these forward-looking statements are only predictions and are subject to a number of both known and unknown risks and uncertainties, and actual results may differ materially from those expressed or implied by these forward-looking statements as a result of a number of factors. These factors include, without limitation, financial challenges affecting expected earnings per share and EBITDA, technical, political or regulatory issues with natural gas exploration, production or transportation, impact of increased natural gas demand on natural gas price, relative cost of alternative fuel sources, lower demand for natural gas, regulatory, legal, technical, political or economic issues frustrating system or area expansion, regulatory, legal, technical, political or economic issues that may affect MVP, delay in completion of MVP, increase in cost to complete MVP, including by an increase in cost of raw materials or labor to due economic factors or regulatory issues such as tariffs, economic challenges that may affect the service area generally and customer growth or demand and deterioration of relationship with primary regulator, and those risk factors described in the Company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which is available at www.sec.gov and on the Company's website at www.rgcreources.com. Additionally, the COVID-19 pandemic creates significant economic uncertainty for the remainder of fiscal 2020 and potentially beyond.

The statements made in this presentation are based on information available to the Company as of the first day of the month set forth on the cover of this presentation and the Company undertakes no obligation to update any of the forward-looking statements after the date of this presentation.

Agenda

❑ Company Overview

❑ Financial Profile

❑ Growth Strategy

❑ Outlook

Organizational Structure



NASDAQ: RGCO
C-Corp formed 1998

Regulated



- ☐ Local Distribution Company (LDC), located in Roanoke, VA
- ☐ Founded in 1883

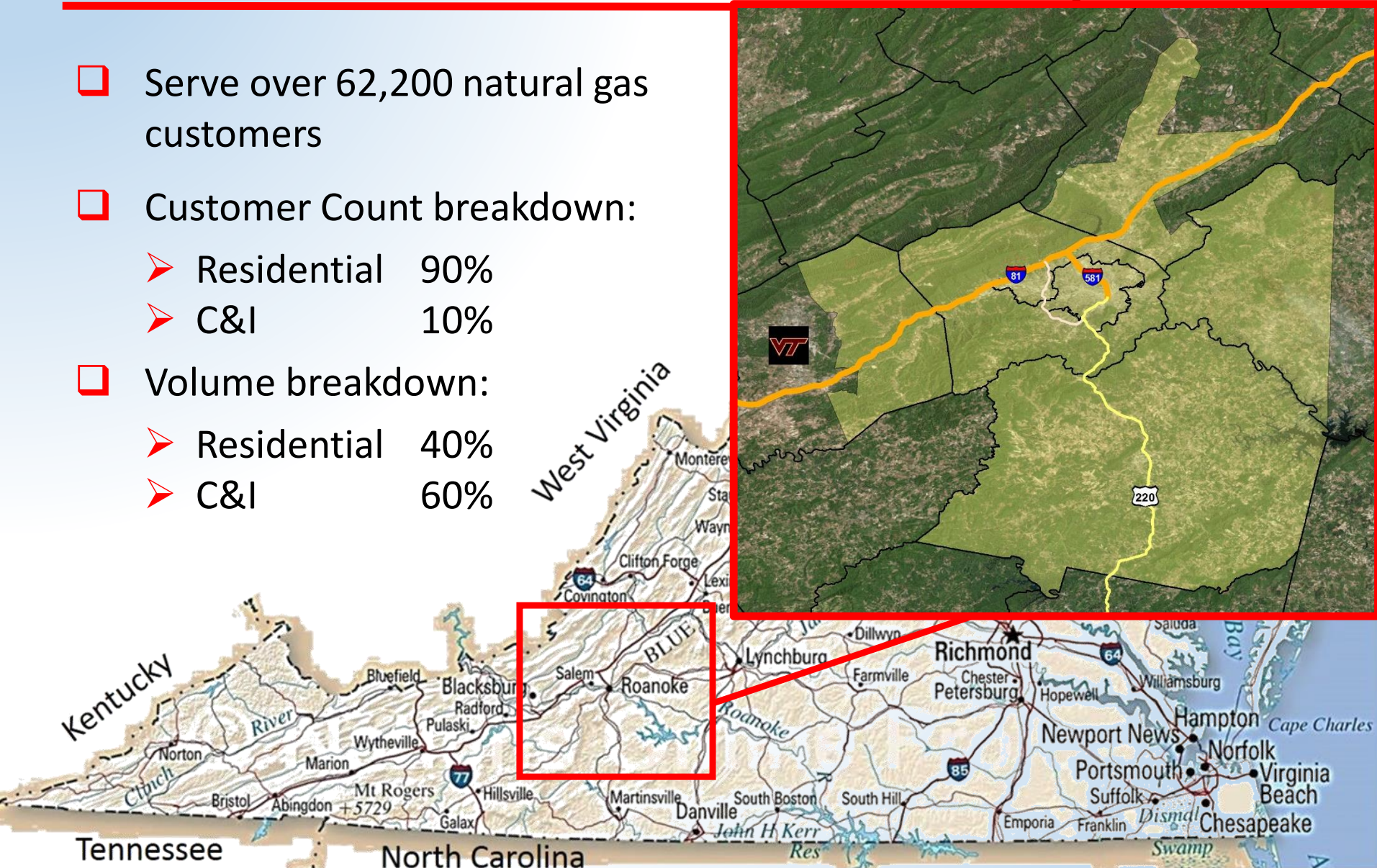
Non-Utility



- ☐ Partner in Mountain Valley Pipeline (MVP)
- ☐ Partner in proposed MVP Southgate project

Roanoke Gas Service Territory

- ❑ Serve over 62,200 natural gas customers
- ❑ Customer Count breakdown:
 - Residential 90%
 - C&I 10%
- ❑ Volume breakdown:
 - Residential 40%
 - C&I 60%



Roanoke Gas

**Highly Stable
Business Model**

Regulated Utility

- ❑ VA State Corporation Commission (SCC)
 - VA in Top 4 on Forbes “Best States for Business” ranking¹
 - 9.44% authorized ROE
- ❑ Alternative Cost Recovery Mechanisms
 - Weather Normalization
 - Revenue Sharing
 - Infrastructure Riders
 - SAVE infrastructure replacement rider approved through 2024
- ❑ System Expansion

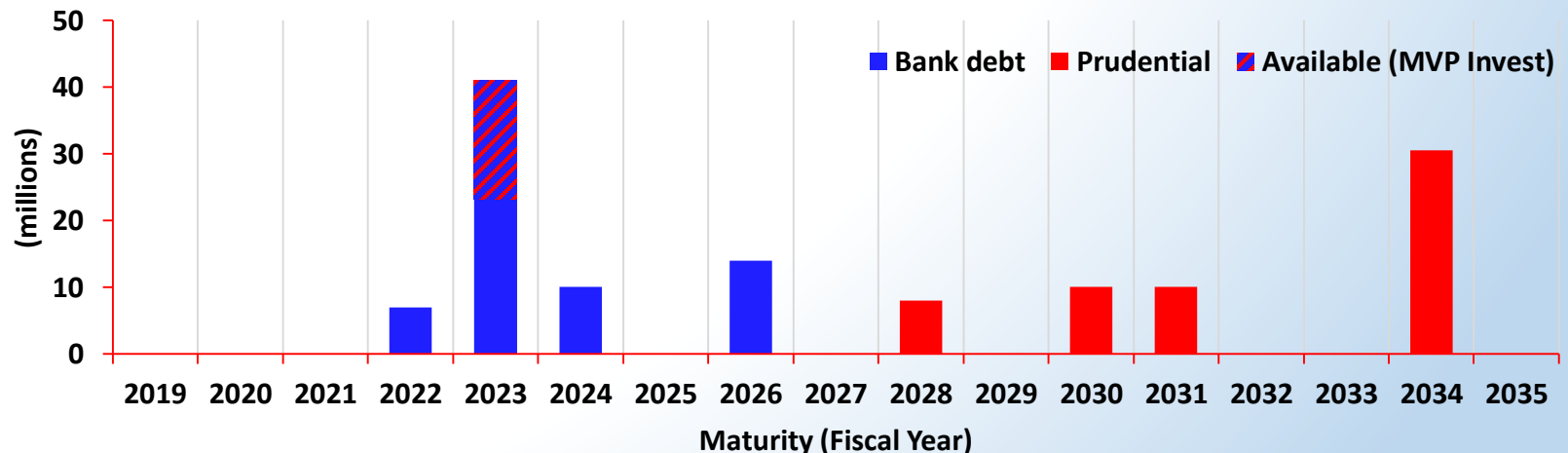
Equity and Debt Profile

Equity:

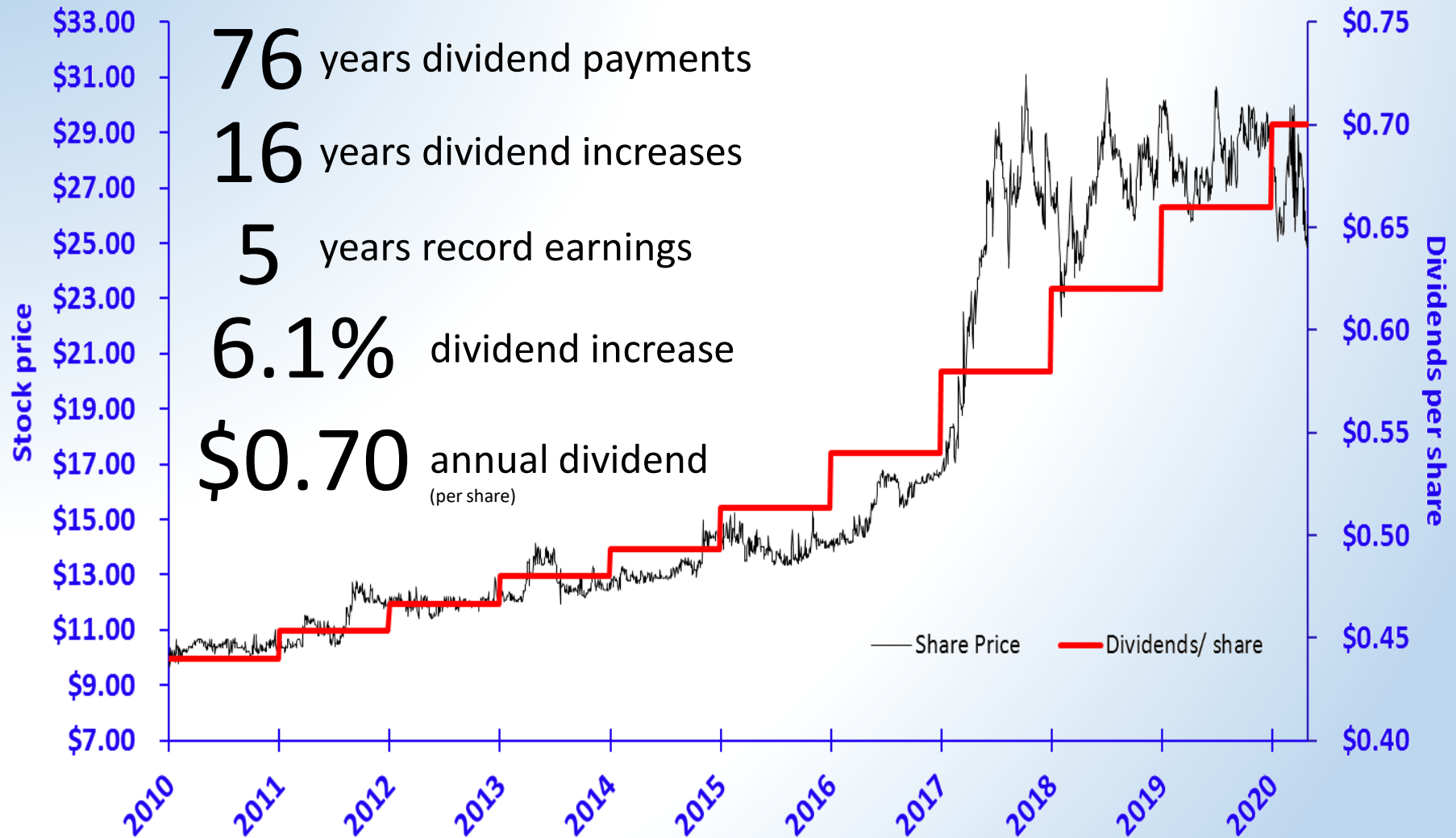
- ❑ Top 3 institutional shareholders:
 - T. Rowe Price 6.4%
 - BlackRock 4.6%
 - Vanguard 4.2%
- ❑ 6.3% insider ownership
- ❑ \$235M Market Capitalization
- ❑ Common shares issued and outstanding: 8,136,945
- ❑ \$40M availability on equity shelf
 - \$15M at the market (ATM)

Debt:

- ❑ Remaining \$40M on Prudential shelf
- ❑ Up to \$28 million availability on LOC facility



Shareholder Return



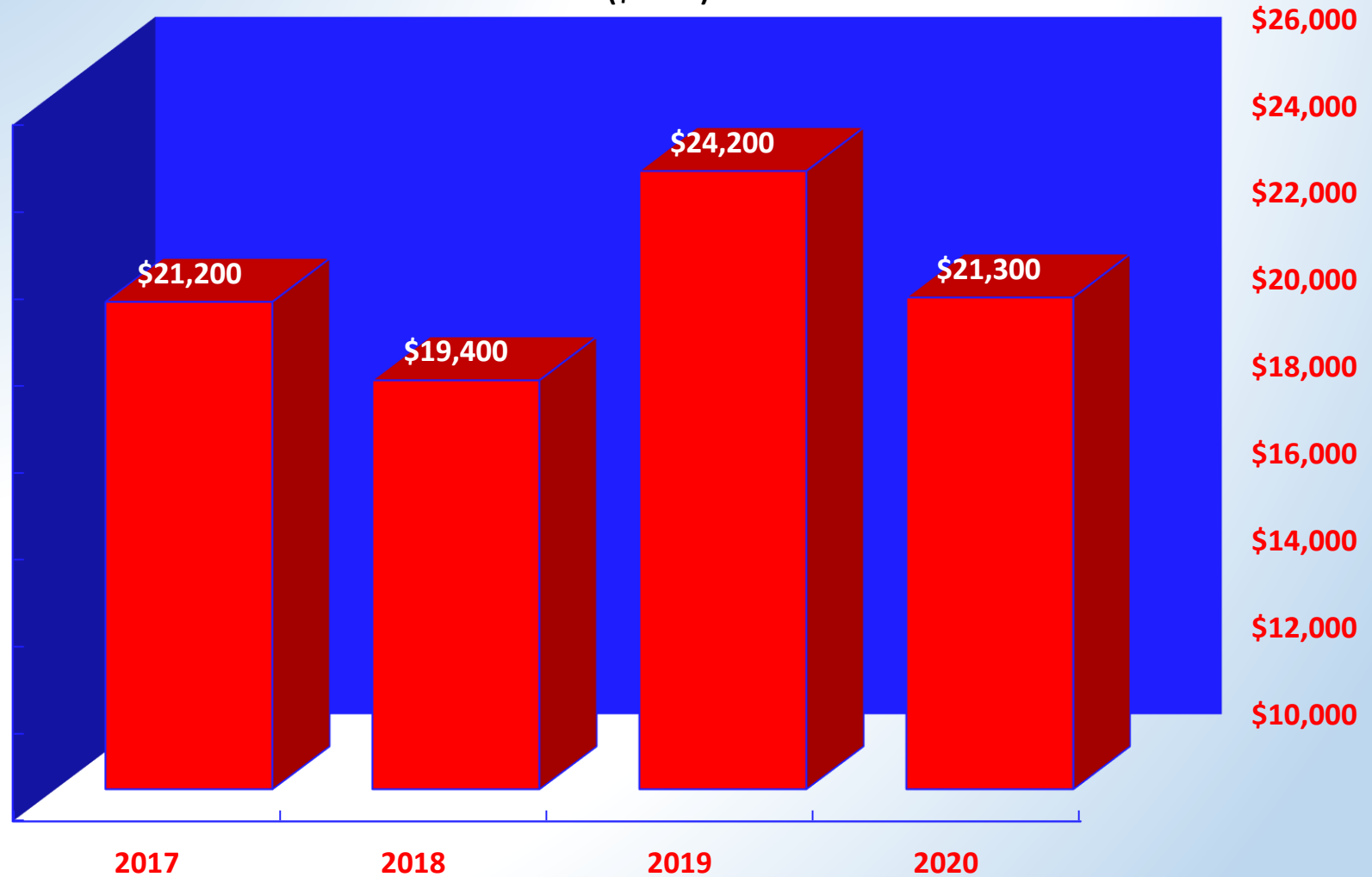
Note: Graph includes stock prices through April 30, 2020.

Growth Strategy

- ☐ Regulated Utility Investment
 - CapEx
- ☐ Ongoing Regulated Utility Growth
 - Customer Growth
 - Volumes Delivered
- ☐ Non-Utility Investments
 - MVP

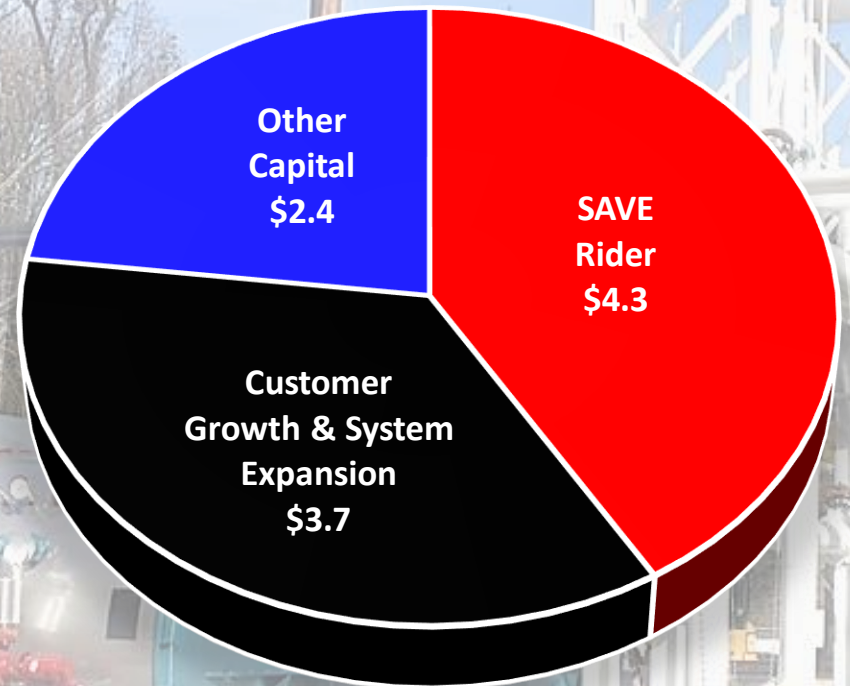
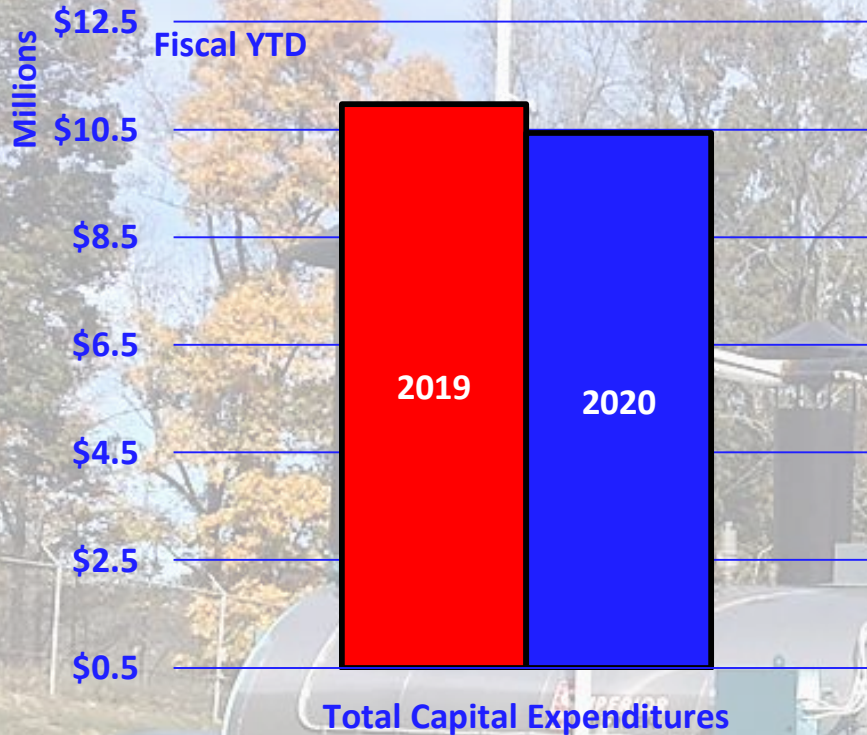
Roanoke Gas CapEx

Twelve-Months ended March 31:
(\$'000's)



Roanoke Gas CapEx

Fiscal YTD at March 31:

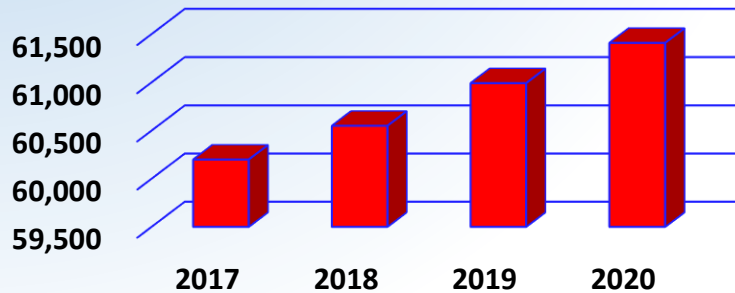


**\$0.6 million or
5% decrease**

Customers

2% growth since 2017

Average Customers
(twelve-months ended March 31)



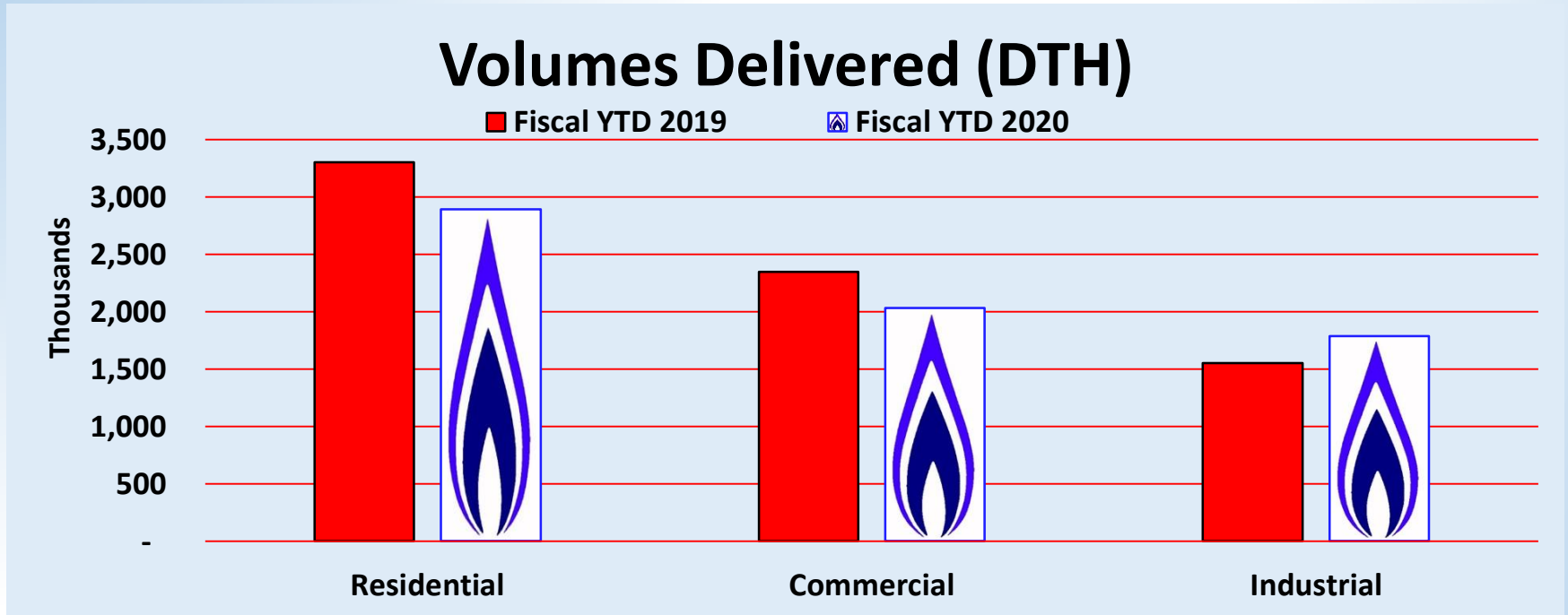
New customer additions:

YTD Fiscal 2020	322
Fiscal 2019	668
Fiscal 2018	598
Fiscal 2017	628
Fiscal 2016	495



Roanoke Gas

Natural Gas Volumes



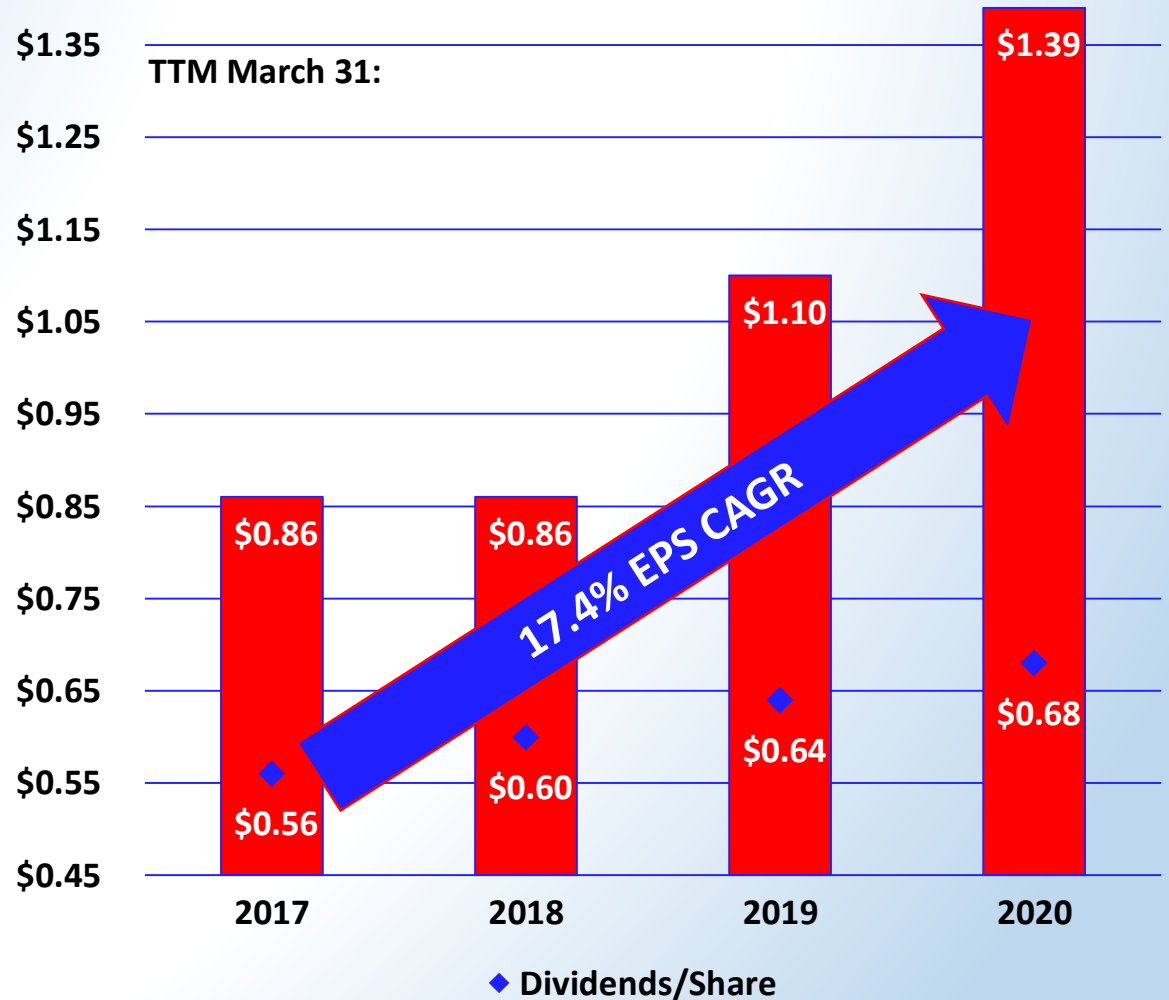
2020 vs 2019 Highlights

Total Volumes	(7)%
Transportation & Interruptible Volumes	15%
Heating Degree Days (HDD)	(14)%

Earnings Per Share

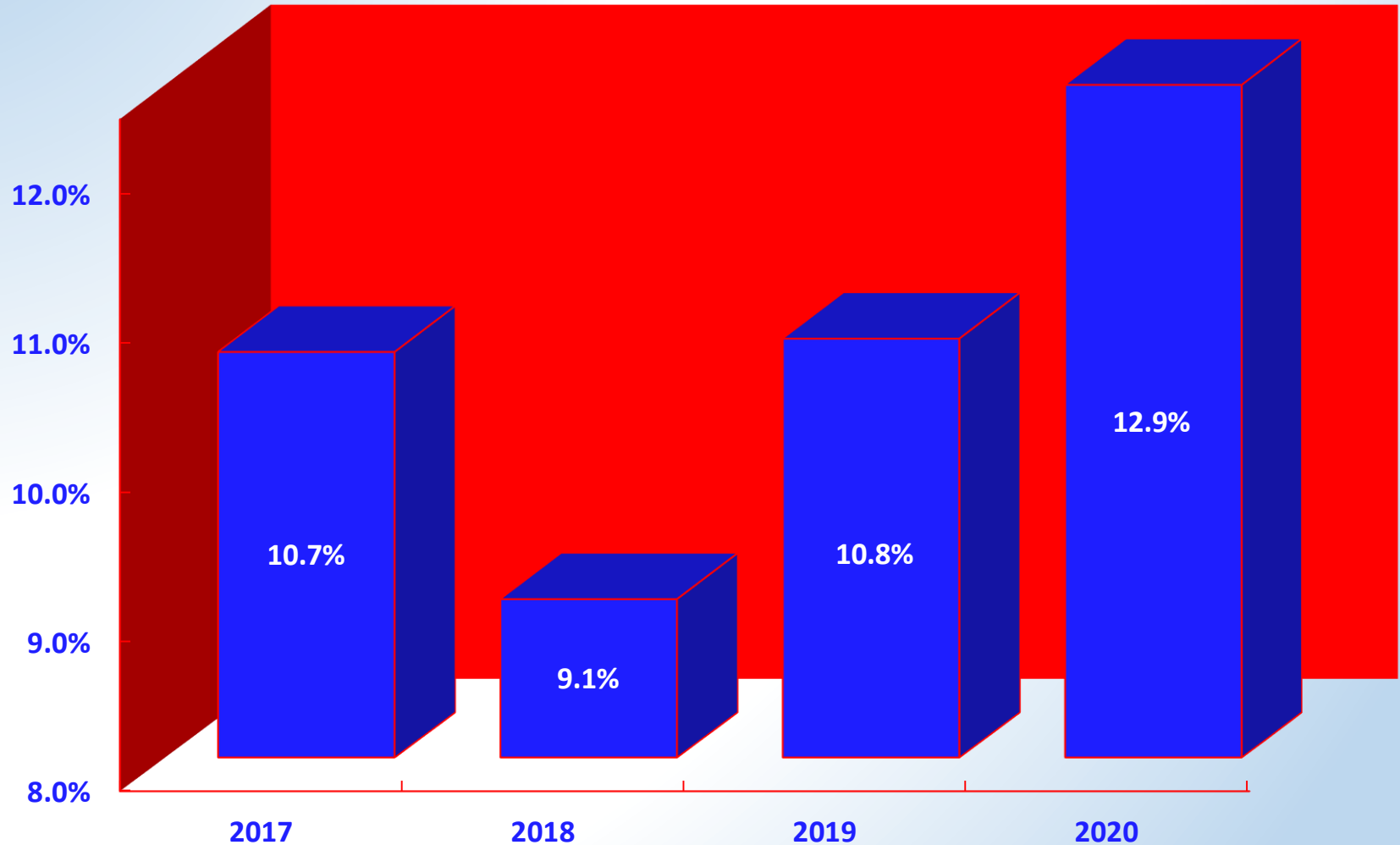
Six-months ended March 31:

	<u>2020</u>	<u>2019</u>
Basic:	\$1.20	\$0.89
Diluted:	\$1.19	\$0.88



Return on Equity

Twelve-Months ended March 31:



Outlook

- ❑ COVID-19
- ❑ Strategic Opportunities
- ❑ Economic Development

COVID-19

- ❑ Community
- ❑ Company
 - ❑ Liquidity
 - ❑ Customer Analyses
- ❑ Earnings Guidance

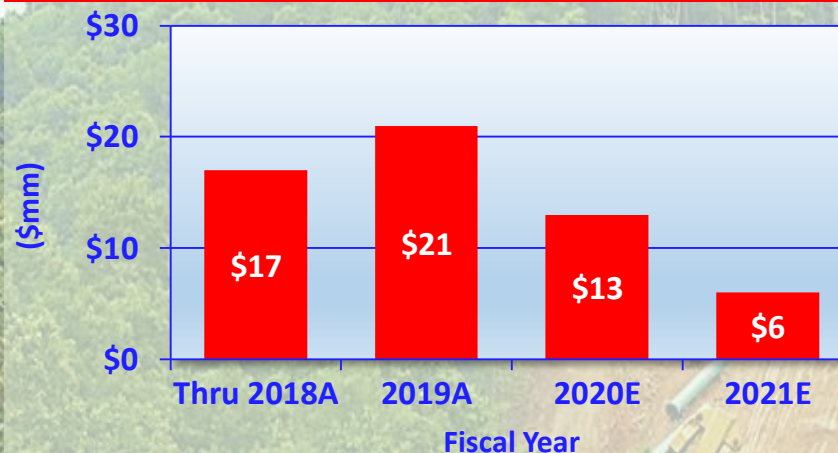
Strategic Opportunities

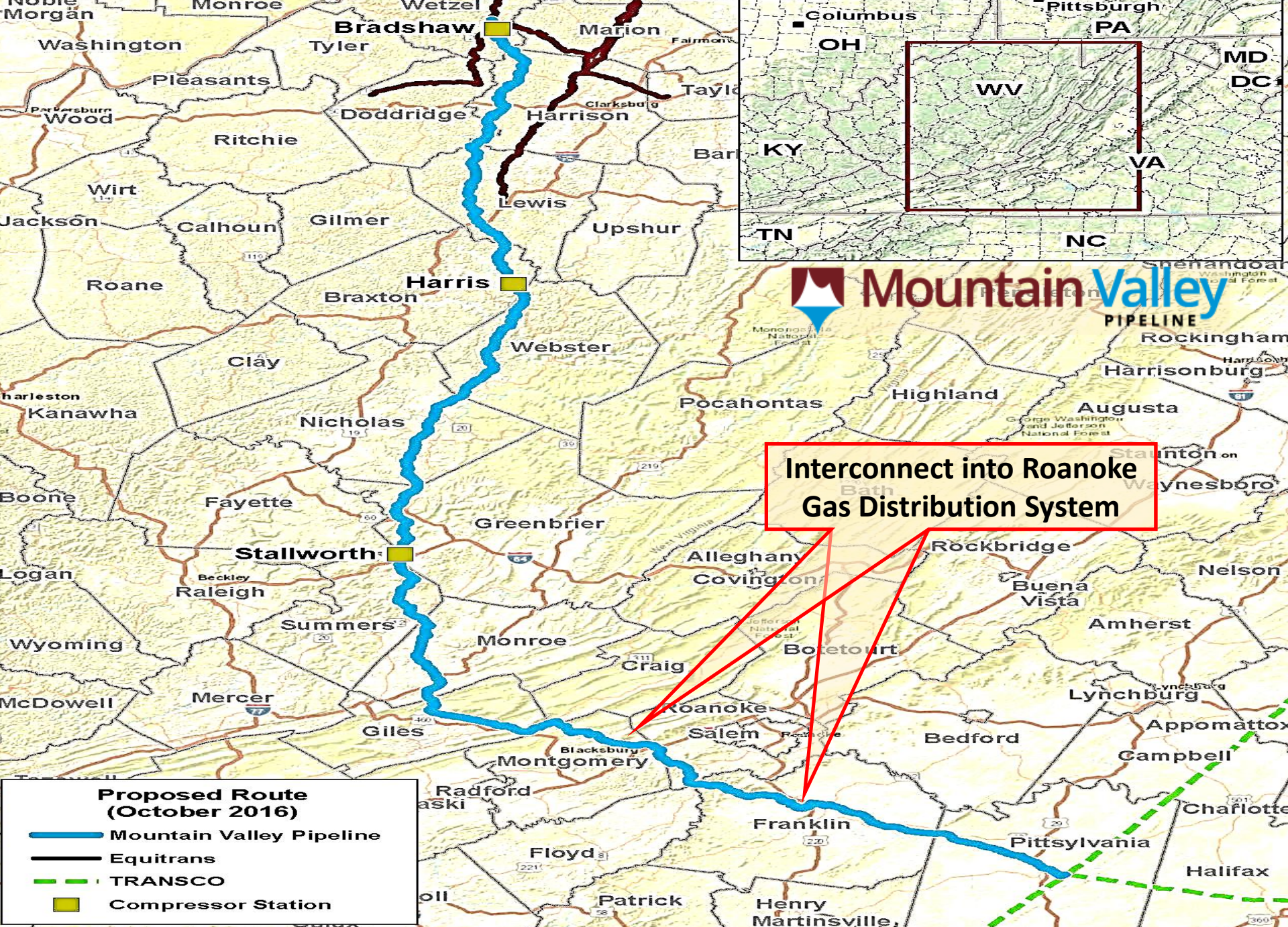
- ☐ Strategic Plan
 - ☐ M&A
- ☐ Midstream Opportunities
- ☐ CapEx
- ☐ System Expansion

Update

- ❑ Project 90% complete
- ❑ \$57 million projected cash investment
- ❑ Target COD late 2020

RGC Midstream Investment



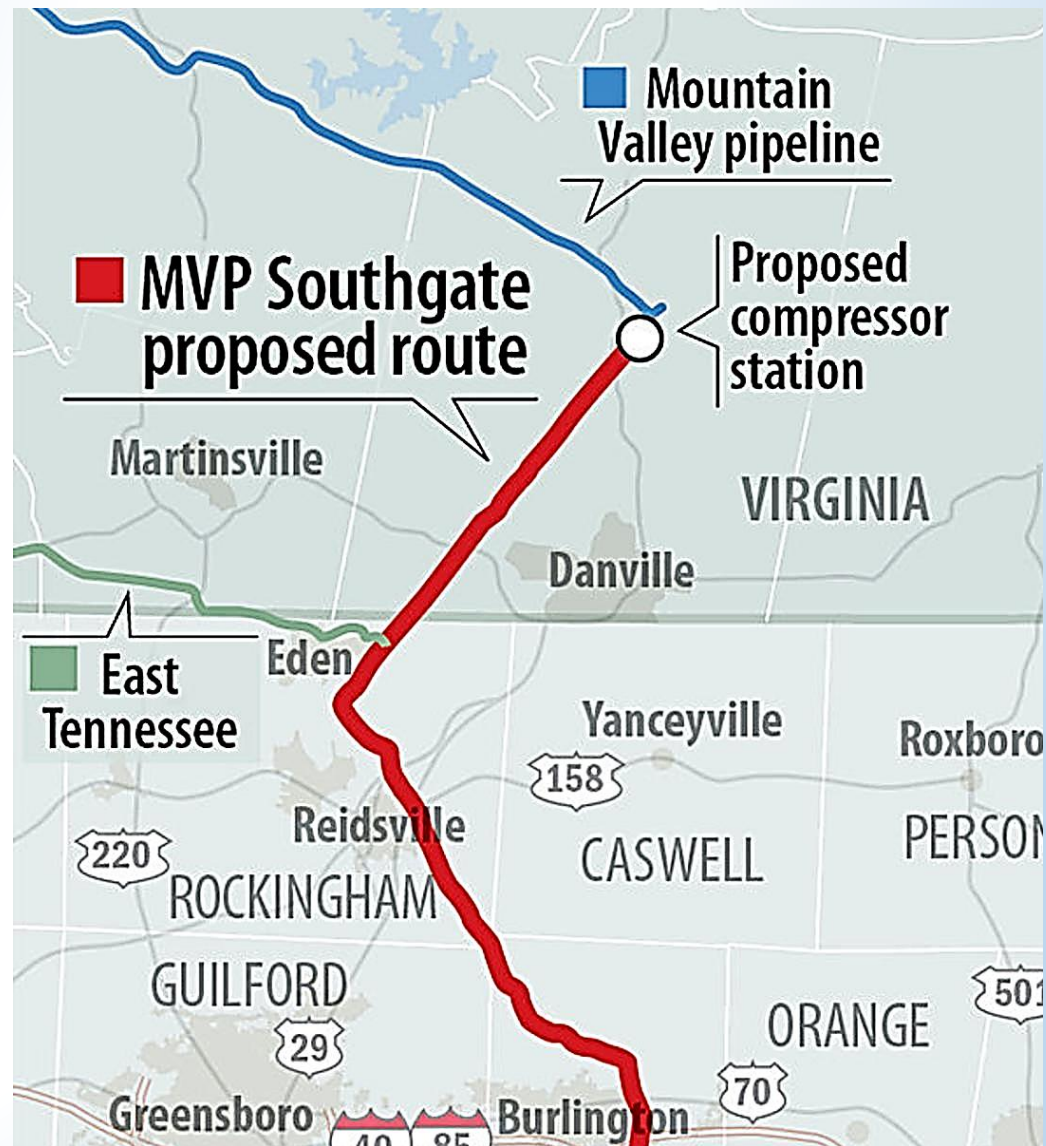


Southgate

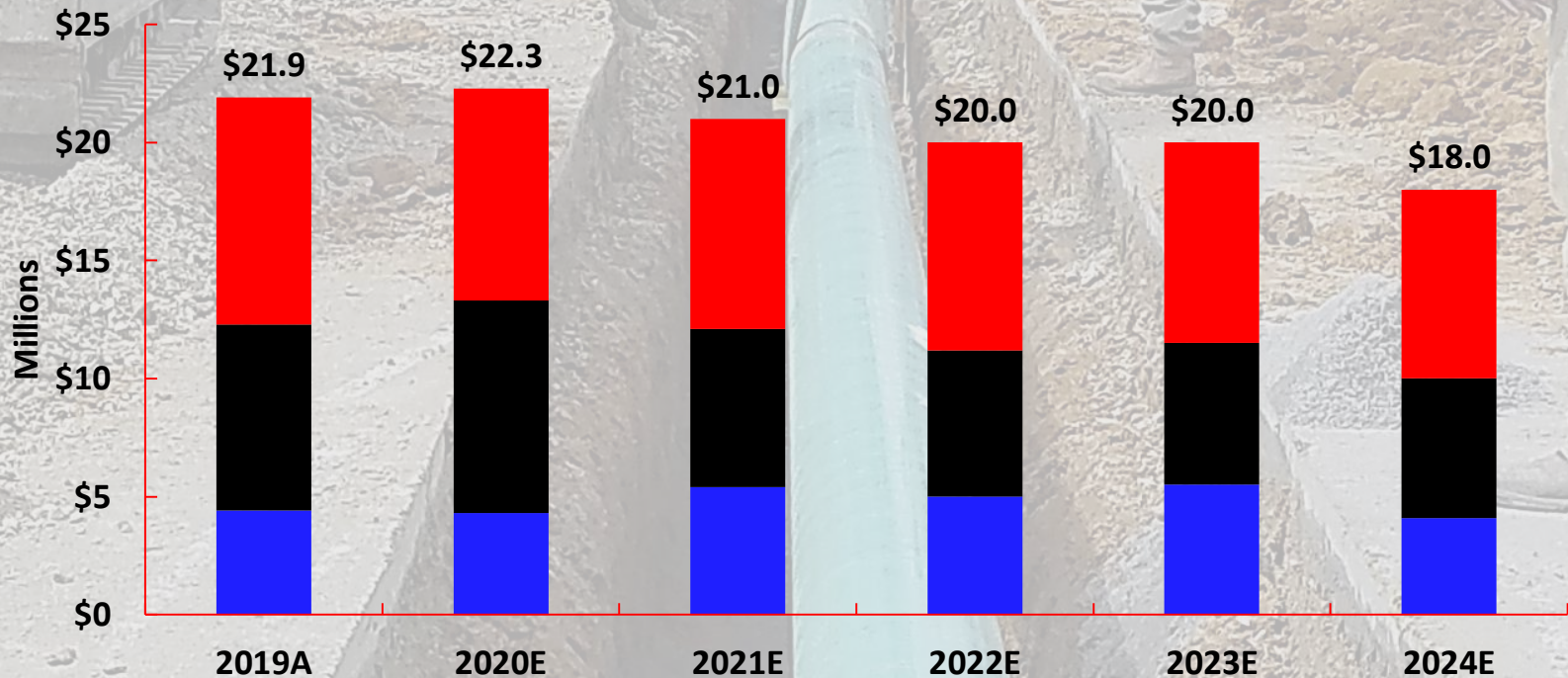
- ❑ 70 mile natural gas pipeline system
- ❑ 24 and 16 inch steel underground pipe
- ❑ Starts at TRANSCO 165 and extends into central NC
- ❑ Anchored by firm capacity commitment from PSNC Energy

Schedule

- ❑ Nov 2018: Filed application
 - Pending FERC approval
- ❑ Feb 2020: FERC issued final EIS
- ❑ Target 2020: Begin Construction
- ❑ Target 2021: In-service Date



Roanoke Gas Capital Budget



Forecast totals through 2024:

SAVE Infrastructure Replacement	\$43.2
Customer Growth & System Expansion	\$33.8
Utility Maintenance	\$24.3
Total	\$101.3

Roanoke Gas System Expansion

Colonial
Elementary

- ☐ \$4 million line extension
- ☐ Access to over 1,500 potential customers
- ☐ Anticipated service Fall 2020

Economic Development

Mack Trucks (Volvo) will invest \$13 million and hire 250 employees to manufacture medium-duty trucks.

The Roanoke Times – 1.31.2020



Lumber grading facility adding 4 natural gas-fired kilns. Capacity to burn additional 210,000 DTH annually.



Recycled paper and packaging Company investing over \$20 million to finish and expand shell building in Botetourt County's Greenfield Park and create 50 new jobs.

Roanoke Regional Partnership – 2.26.2019



Automotive solutions provider investing \$6.4 million to expand Botetourt County operation and create 25 new jobs.

TheRoanokeStar.com – 06.19.2019

Service Territory Expansion (supplied by MVP)



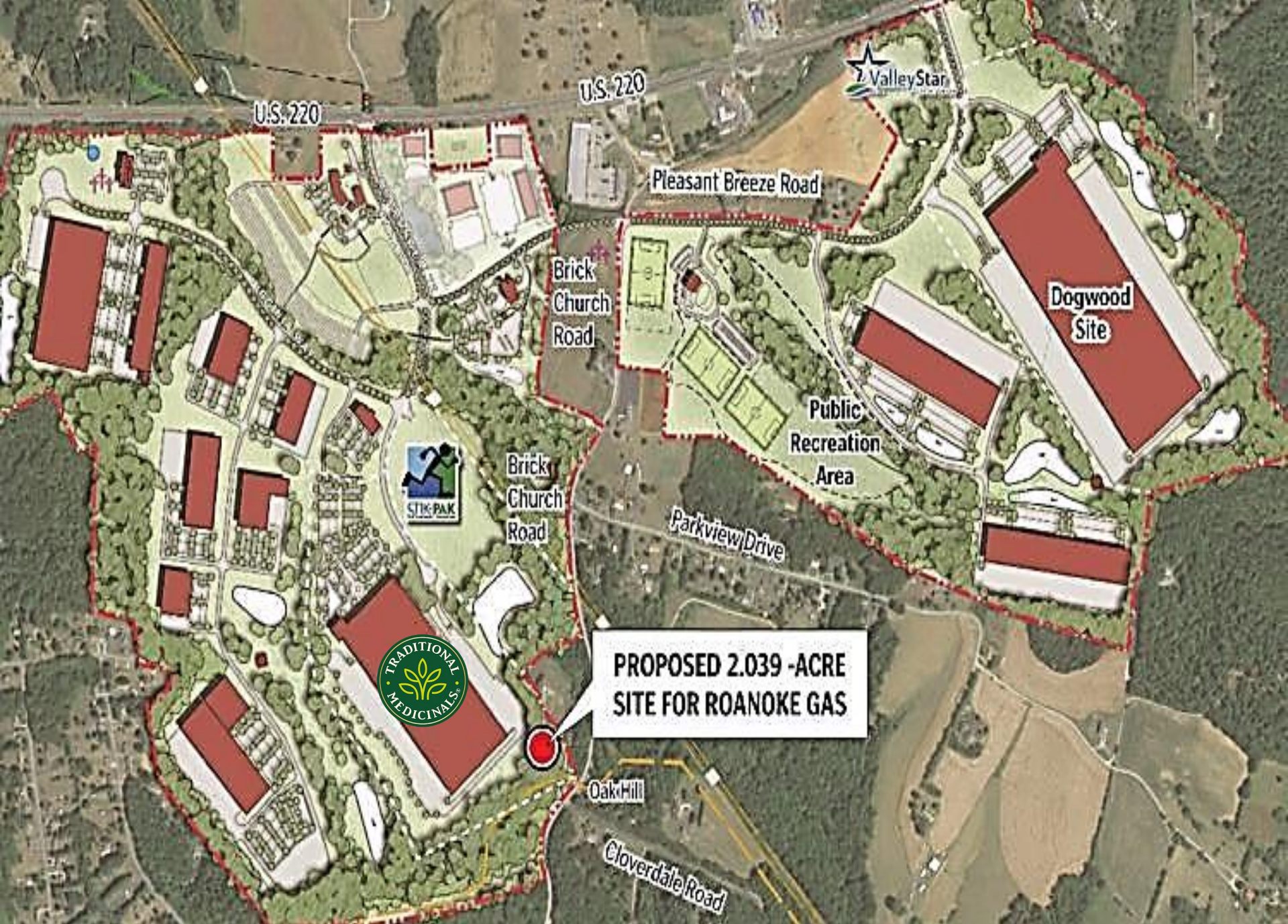
Tea Company investing \$30 million and bringing 60 new jobs to Franklin County's Summit View

WDBJ7.com – 1.21.2020



Packaging firm plans to expand, add 60 new jobs in Franklin County's Summit View

The Roanoke Times – 5.17.2018



Economic Development

Economists say Carilion Clinic adds over \$3.2 Billion to Virginia's Economy

The Roanoke Times (Times) Jan 2020



CARILION CLINIC

- ❑ \$300 million expansion to Roanoke Memorial Hospital, including new tower for emergency and heart patients, new psych center and parking garage with connected pedestrian skyway. (Times May 2019)
- ❑ Kicked-off fundraising campaign and unveiled plans for world-class \$75 to \$100 million Cancer Center in Roanoke. (Times Nov 2019)



- ❑ VA Tech Carilion (VTC) Partnership
 - Research Institute (VTCRI) will create 828 new jobs and \$150 million in additional spending by 2026
 - School of Medicine and VTCRI will contribute at least \$465 million to economy within 8 years. (Times May 2018)
- ❑ VTC Innovation Fund and VTC Seed Fund investing in high growth, seed-stage and early-life companies in Roanoke-Blacksburg region



- ❑ Merger of Radford University and Carilion Jefferson College of Health Sciences expected to double number of nursing students within five years (Times Apr 2019)

Questions

