



Q2 2022 Earnings Call



May 11, 2022

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 additional source of natural gas, additional capacity to meet future demands, increased capital spending and area expansion opportunity, 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 prices, 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 due to 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 and, if applicable, Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission, which is available at www.sec.gov and on the Company's website at www.rgcresources.com. Additionally, COVID-19 and its variants have the potential to generate significant economic uncertainty for the foreseeable future.

Underlying net income and earnings per share is a non-GAAP measure that excludes the after-tax impairment charge related to RGC Midstream, LLC's investment in the Mountain Valley Pipeline, LLC to enhance the comparability of financial results between periods. Management considers this non-GAAP measure to provide useful information to both management and investors for purpose of such comparability and in evaluating operating performance, but it should be considered in addition to results prepared in accordance with GAAP and should not be considered a substitute for, or superior to, GAAP results.

The statements made in this presentation are based on information available to the Company as of the date 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

- ❑ Operational and Financial Highlights
- ❑ 2022 Outlook
- ❑ Questions



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

Consolidated Financial Results

For the periods ended March 31,

(Presented in thousands, except per share data)

	Second Quarter		Twelve Months Ended	
	2022	2021	2022	2021
Operating revenues	\$ 29,530	\$ 28,254	\$ 80,197	\$ 68,623
Operating expenses	22,086	21,154	65,278	55,505
Operating income	7,444	7,100	14,919	13,118
Equity in earnings (loss) of unconsolidated affiliate	-	(4)	386	3,885
Impairment of unconsolidated affiliate	(39,822)	-	(39,822)	-
Other income, net	344	287	962	778
Interest expense	1,104	1,008	4,233	4,003
Income (loss) before income taxes	(33,138)	6,375	(27,788)	13,778
Income tax expense (benefit)	(8,644)	1,608	(7,489)	3,410
Net income (loss)	<u>\$ (24,494)</u>	<u>\$ 4,767</u>	<u>\$ (20,299)</u>	<u>\$ 10,368</u>
Basic earnings (loss) per share	\$ (2.89)	\$ 0.58	\$ (2.42)	\$ 1.27
Diluted earnings (loss) per share	\$ (2.89)	\$ 0.58	\$ (2.42)	\$ 1.27

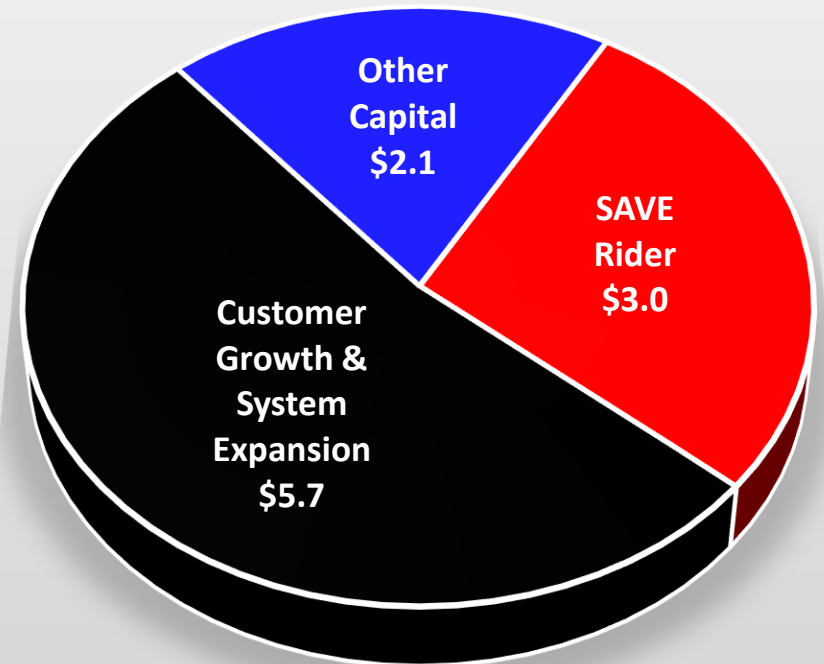
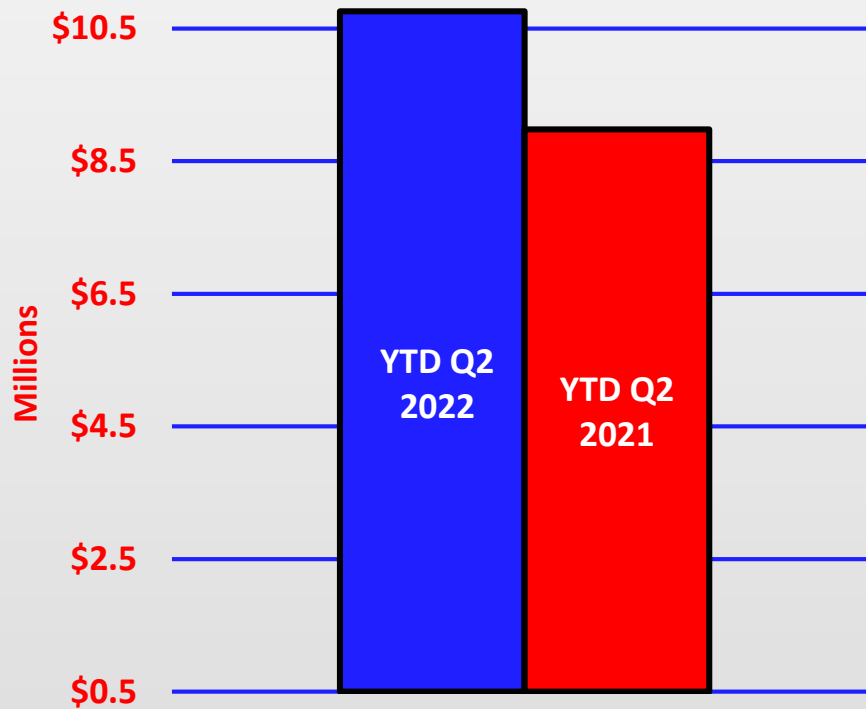
Consolidated Underlying Financial Results

For the periods ended March 31,

(Presented in thousands, except per share data)

	Second Quarter		Twelve Months Ended	
	2022	2021	2022	2021
Consolidated Net Income/(Loss)	\$ (24,494)	\$ 4,767	\$ (20,299)	10,368
Non-cash Impairment, Net	29,572	-	29,572	-
Underlying Net Income	\$ 5,078	\$ 4,767	\$ 9,273	\$ 10,368
<i>Increase (Decrease)</i>		\$ 311 6.5%		\$ (1,095) -10.6%
Underlying Earnings Per Share	\$ 0.60	\$ 0.58	\$ 1.11	\$ 1.27

Roanoke Gas YTD CapEx

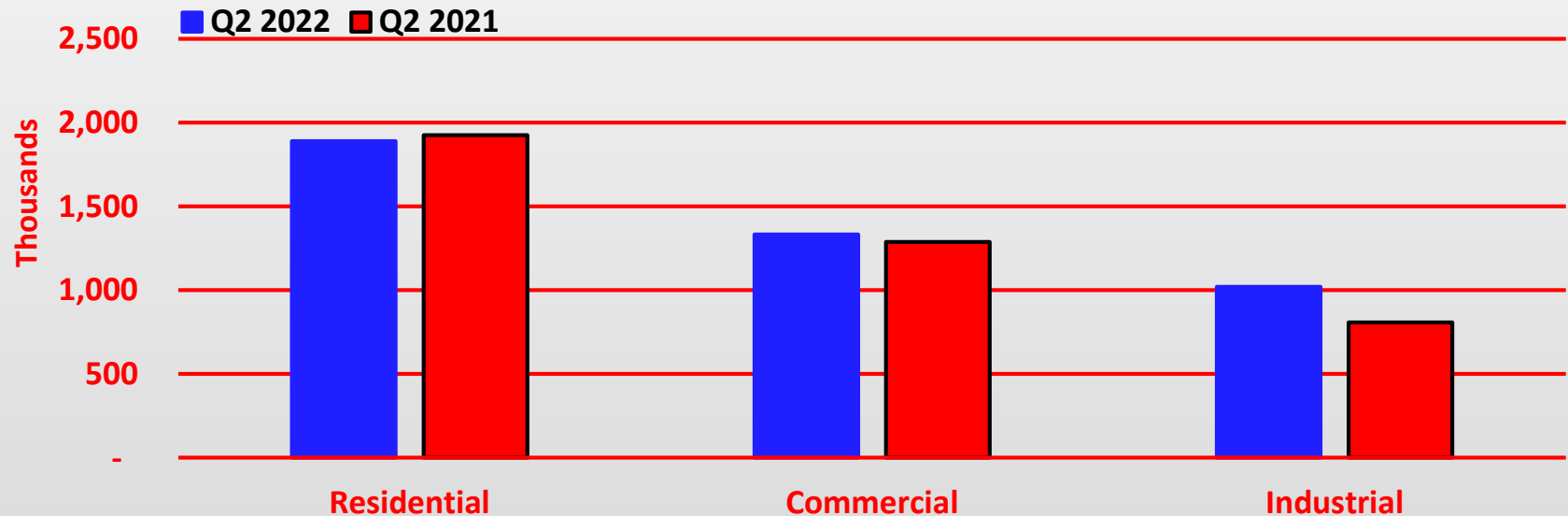


**\$1.8 million or
19.8% increase**



Q2 Gas Volumes

DTH Delivered

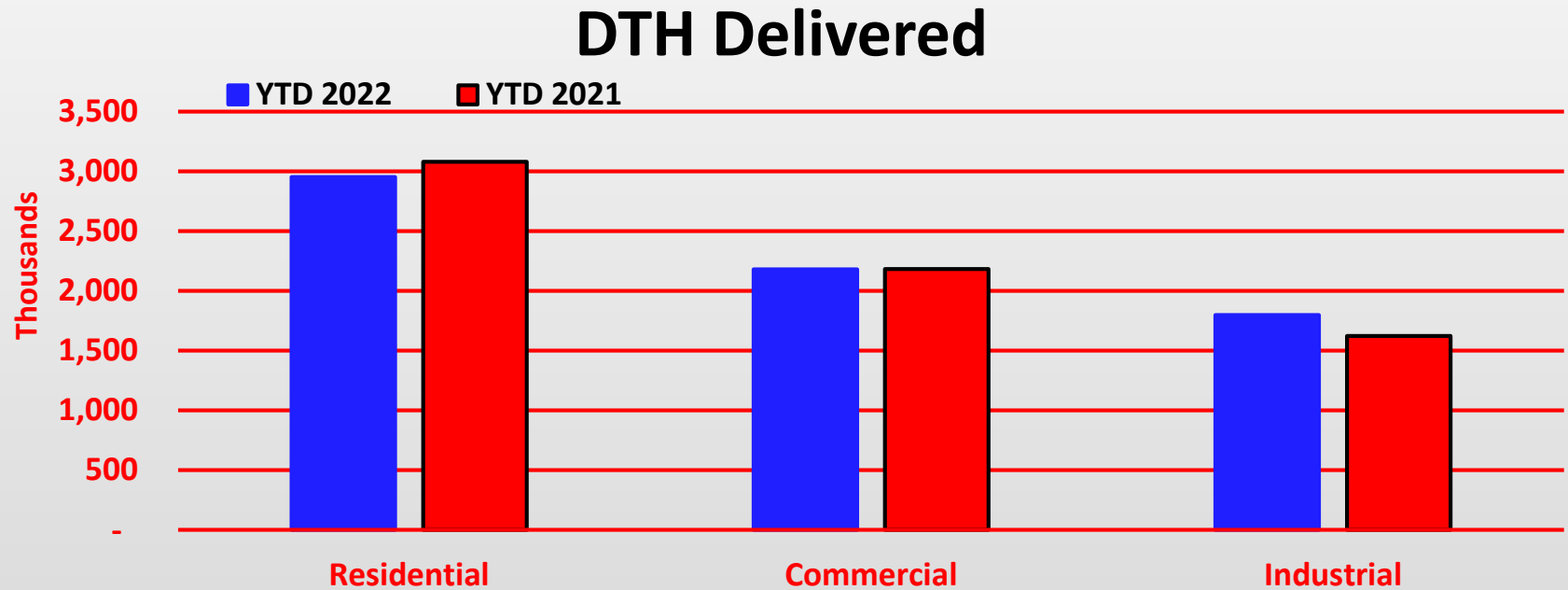


2022 vs 2021

Total Volumes	6%
Industrial Volumes	26%
Heating Degree Days	(4%)



YTD Gas Volumes



2022 vs 2021

Total Volumes	1%
Residential	(4%)
Commercial & Industrial	4%



Customer Growth

❑ 63,000 total customers



❑ 3.2 miles main

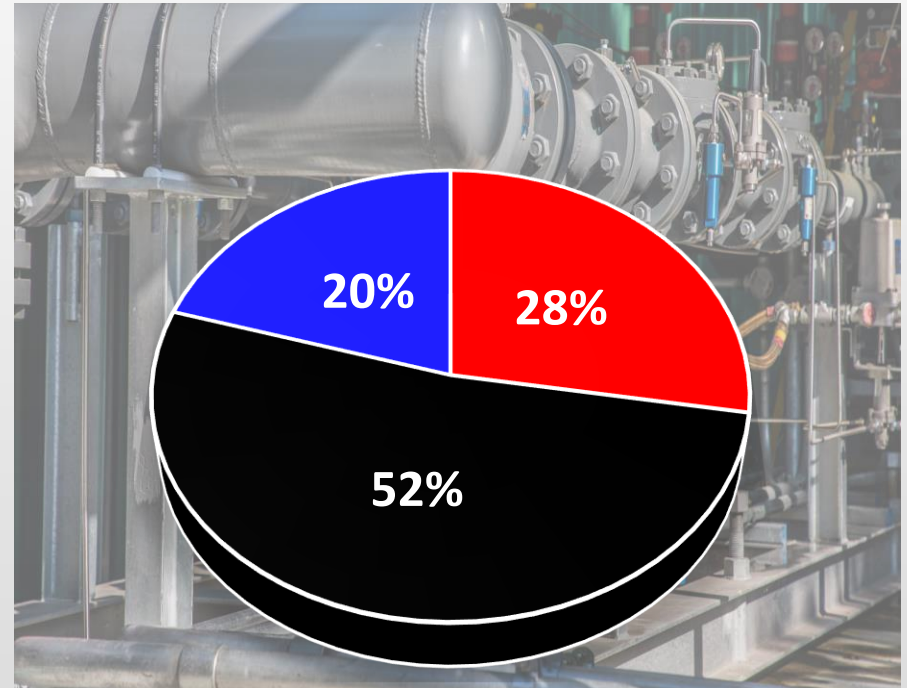
❑ 428 services

2022 Outlook

☐ Capital

☐ MVP

☐ Dividend



SAVE Infrastructure Rider	\$ 6.8
Customer Growth & System Expansion	12.8
Utility Maintenance	5.0
Total	\$24.6



- ❑ Project over 94% complete

- ❑ Operator Guidance
 - \$6.6 billion budget
 - Second-half 2023 in-service



Earnings Per Share Analysis

