



Essential Utilities Reaffirms 2022 Guidance, Announces 2023 and Long-term Guidance and Plans to Report Earnings for Full-year 2022

January 11, 2023

*Reaffirms 2022 annual earnings per share guidance range of \$1.75 to \$1.80
Announces 2023 annual earnings per share guidance range of \$1.85 to \$1.90
Infrastructure investments of \$3.3 billion through 2025
Reaffirms multiyear ESG commitments*

BRYN MAWR, Pa.--(BUSINESS WIRE)--Jan. 11, 2023-- Essential Utilities Inc. (NYSE: WTRG) today announces earnings guidance, 3-year rate base guidance, 3-year infrastructure investment plans, and reaffirmation of ESG commitments.

“Our continued focus on operational excellence while growing our business through acquisition and capital investment has provided benefits to both customers and shareholders. This focus along with our dedication to sustainable business practices allows us to deliver critical resources with a high degree of reliability and resiliency to the communities we serve,” said Essential Chairman and Chief Executive Officer Christopher Franklin. “The long-term guidance we are issuing today is consistent with our long tradition of driving growth in earnings and delivering long-term value for our stakeholders.”

Essential Financial and Growth Guidance

- In 2023, net income per diluted common share will be \$1.85 to \$1.90
- Through 2025, earnings per share will grow at a compounded annual growth rate of 5 to 7%, based off the midpoint of the company's 2022 guidance range of \$1.75-1.80 earnings per share
- Through 2025, we will make regulated infrastructure investments of approximately \$1.1 billion annually, weighted towards the regulated water segment; an increase of approximately \$100 million annually from the current plan.
- Through 2025, the regulated water segment rate base will grow at a compounded annual growth rate of 6 to 7%
- Through 2025, the regulated natural gas segment rate base will grow at a compounded annual growth rate of 8 to 10%
- The regulated water customer base (or equivalent dwelling units) of the business will grow at an average annual growth rate of between 2 and 3% from acquisitions and organic customer growth
- Excluding the divestiture of West Virginia, the regulated natural gas customer base of the business will be stable for 2023.

ESG Guidance and Commitments

- Reduction of Scope 1 and Scope 2 greenhouse gas emissions by 60% by 2035 from the company's 2019 baseline
- Multiyear plan to ensure that finished water does not exceed 13 parts per trillion (ppt) of PFOA, PFOS, and PFNA compounds
- Multiyear plan to increase diverse supplier spend to 15%
- Multiyear plan to reach 17% employees of color

Essential reaffirms its commitment to substantially reduce Scope 1 and 2 greenhouse gas emissions by 2035. The company plans to achieve these reductions through extensive gas pipeline replacement, the purchase of renewable energy, accelerated methane leak detection and repair, and various other planned initiatives. Essential also reaffirms its commitment to diversity, equity, and inclusion efforts to ensure the diversity of its employees and suppliers reflects the diversity of its customer population. In August 2022, the company reported on its progress by announcing a 14% scope 1 and 2 emissions reduction towards its 60% reduction target, 16% of employees are people of color towards its 17% target, and almost 13% supplier diversity towards its 15% target.

Water Utility Growth by Acquisition

Essential's continued growth by acquisition allows the company to provide safe and reliable water and wastewater service to an even larger customer base than it could from only organic customer growth. In 2022, Essential acquired three water and wastewater systems and added approximately \$120 million in rate base and over 23,000 new customers or equivalent dwelling units to the company's footprint.

The company has previously announced seven signed purchase agreements for additional water and wastewater systems in Pennsylvania, Illinois, Texas, and Ohio that are pending closing and are expected to serve approximately 218,000 equivalent retail customers or equivalent dwelling units and total over \$377 million in purchase price. These systems include the recently announced agreement to acquire the 5,300 customer municipal wastewater system of Union Rome in Ohio for \$25.5 million. The company's \$276.5 million agreement to acquire the Delaware County Regional Water Quality Control Authority (DELCORA), a Pennsylvania sewer authority that serves approximately 198,000 equivalent dwelling units in the Philadelphia suburbs, is included among these signed purchase agreements. The company expects a final decision from the Pennsylvania Public Utility Commission in mid-2023 based on their published calendar.

Essential Reaffirms 2022 Earnings Guidance

The company reaffirms 2022 net income per diluted common share guidance of \$1.75 to 1.80.

Assumptions

Essential Utilities does not guarantee future results of any kind. Guidance is subject to risks and uncertainties, including, without limitation, those factors outlined in the "Forward Looking Statements" of this release and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission.

The earnings per share, infrastructure investment and rate base guidance announced today includes these signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements but does not include other potential municipal acquisitions from the company's list of acquisition opportunities that currently represents approximately 430,000 customer equivalents. The average annual regulated water segment growth guidance announced today reflects the company's proven acquisition track record of adding nearly 118,000 customers or equivalent dwelling units and over \$481 million in rate base since 2015, its current backlog of over \$377 million of signed pending acquisitions with approximately 218,000 equivalent customers, and the current acquisition landscape.

The guidance is also based on the company's expectation that it will continue to issue equity on an as needed basis to support acquisitions and capital investment plans.

The company's guidance does not include any impact from the recently announced agreement to sell its West Virginia natural gas utility, which is expected to close mid-year 2023, as it is not expected to materially impact the earnings per share, infrastructure investment and rate base guidance announced today.

Fourth Quarter and Full Year 2022 Earnings Call Information

Essential Utilities Inc. (NYSE: WTRG) expects to report earnings for the quarter and year ended Dec. 31, 2022 on Feb. 27, 2023.

Date: Feb. 27, 2023

Time: 11 a.m. EST (please dial in by 10:45 a.m.)

Webcast and slide presentation link: <https://www.essential.co/events-and-presentations/events-calendar>

Replay Dial-in #: 866.583.1035 (U.S.) & International callers can find their dial in [here](#)

Confirmation code: 7366261

The company's conference call with financial analysts will take place on Monday, Feb. 27, 2023, at 11 a.m. Eastern Standard Time. The call and presentation will be webcast live so interested parties may listen over the internet by logging on to [Essential.co](#) and following the link for [Investors](#). The conference call will be archived in the Investor Relations section of the company's website for 90 days following the call. Additionally, the call will be recorded and made available for replay at 2 p.m. on Feb. 27, 2023, for 10 business days following the call. To access the audio replay in the U.S., dial 866.583.1035 (pass code 7366261). International callers can find their dial in number [here](#) (pass code 7366261).

Forward-Looking Statements

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which generally include words such as "believes," "expects," "intends," "anticipates," "estimates," and similar expressions. The Company can give no assurance that any actual or future results or events discussed in these statements will be achieved. Any forward-looking statements represent its views only as of today and should not be relied upon as representing its views as of any subsequent date. Readers are cautioned that such forward-looking statements are subject to a variety of risks and uncertainties that could cause the company's actual results to differ materially from the statements contained in this release. Such forward-looking statements include, among others: the guidance range of net income per diluted common share for the fiscal years ending in 2022 and 2023; the continuation of the three-year period of earnings growth through 2025; the anticipated amount of capital investment in 2023; the anticipated amount of capital investment from 2023 through 2025; the reduction of Scope 1 and Scope 2 greenhouse gas emissions by 60% by 2035 from the company's 2019 baseline; that the company's pipeline replacement program will lead to significant methane reductions; its multi-year plan to ensure that finished water does not exceed 13 parts per trillion of PFOA, PFOS, and PNFA compounds, that the company's municipal growth pipeline is strong; the company's ability to increase diverse supplier spend to 15%; the company's ability to achieve 17% employees of color; the company's anticipated rate base growth from 2023 through 2025; and, the anticipated closing of the sale of its West Virginia natural gas utility. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: disruptions in the global economy; financial and workforce impacts from the COVID-19 pandemic; potential disruptions in the supply chain for raw and finished materials; the continuation of the company's growth-through-acquisition program; general economic business conditions; the company's ability to raise additional equity, including on an as needed basis; housing and customer growth trends; unfavorable weather conditions; the success of certain cost-containment initiatives; changes in regulations or regulatory treatment; the company's ability to successfully close municipally owned systems presently under agreement and successfully complete other acquisitions and dispositions; and other factors discussed in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, which are filed with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Essential's business, please refer to Essential's annual, quarterly, and other SEC filings. Essential is not under any obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

About Essential

Essential Utilities, Inc. (NYSE: WTRG) delivers safe, clean, reliable services that improve quality of life for individuals, families, and entire communities. With a focus on water, wastewater and natural gas, Essential is committed to sustainable growth, operational excellence, a superior customer experience, and premier employer status. We are advocates for the communities we serve and are dedicated stewards of natural lands, protecting more than 7,600 acres of forests and other habitats throughout our footprint.

Operating as the Aqua and Peoples brands, Essential serves approximately 5.5 million people across 10 states. Essential is one of the most significant publicly traded water, wastewater service and natural gas providers in the U.S. Learn more at www.essential.co.

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