



Essential[™]
UTILITIES

EARNINGS CALL Second Quarter 2022

August 4, 2022

NYSE
LISTED

WTRG

Welcome

Brian Dingerdissen

Vice President, Investor Relations
and Treasurer



Forward Looking Statement

This presentation contains in addition to historical information, forward looking statements based on assumptions made by management regarding future circumstances over which the company may have little or no control, that involve risks, uncertainties and other factors that may cause actual results to be materially different from any future results expressed or implied by such forward-looking statements. These factors include, among others, the following: general economic and business conditions; weather conditions affecting customers' usage or the company's cost of operations; costs arising from changes in regulations; regulatory treatment of rate increase requests; availability and cost of capital; the success of growth initiatives, including pending acquisitions; the ability to generate earnings from capital investment; and other factors discussed in our Form 10-K, which is on file with the SEC. We undertake no obligation to publicly update or revise any forward-looking statement.

Non-GAAP Reconciliation

For reconciliation of non-GAAP financial measures, see the Investor Relations section of the company's Web site at www.essential.co

Agenda

Company Update

Financial Results

Acquisition Program Update

Summary and Guidance

Q&A



Company Update

Chris Franklin

Chairman, Chief Executive Officer,
and President



Corporate Highlights

**YTD
Net Income
Growth of
6.5%**

**7% Dividend
Increase**

32nd increase in 31 years

77th consecutive year of
dividend payments

**Seven
Pending
Acquisitions⁽¹⁾**

**Infrastructure
Investment
of
\$424.6M**

**Published
ESG
Reporting
Updates**

(1) Purchase prices totaling \$418M

Infrastructure Investments – Water Segment

Valley Forge National Park Transmission Main Replacement Pennsylvania

\$4.4M project installing
9,100 linear feet to replace
98-year-old cast iron main



Ashtabula Water Treatment Plant Ohio

\$14M water treatment plant
upgrade resulting in cost
reductions and compliance
risk reductions

Kankakee Water Treatment Plant UV Project Illinois

\$18M water treatment plant
upgrade resulting in
compliance risk reductions



Infrastructure Investments – Gas Segment

Fern Hollow Bridge Pittsburgh, PA

\$5.5M project installing
4,400 feet including
replacing
95-year-old cast iron
pipe



Fort Pitt Blvd Pittsburgh, PA

\$3.4M project installing 2,210 feet and
replacing bare steel pipe from 1936 and 1939

SASB and ESG Metrics Index

Key ESG metrics updated for 2021

TCFD Report

Abbreviated climate change reporting

CDP Report

Fully detailed climate change reporting

AGA Sustainability Template

GHG reporting standards set by AGA

Progress on Commitments Through 6/30/2022



GHG Emissions Reduction: By 2035, Essential will achieve a 60% Scope 1 and 2 greenhouse gas emissions reduction, from a 2019 baseline

14% estimated GHG reduction



Employee Diversity: Multi-year goal to reach 17% employees of color

16% of Essential employees are people of color



Supplier Diversity: Multi-year goal to increase diverse supplier controllable spend to 15%

13% of Essential's controllable spend is with diverse suppliers

Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q2 Financial Highlights

As of June 30, 2022

<i>In millions except per share</i>	Q2 2021	Q2 2022
Operating Revenues	\$397.0	\$448.8
Purchased Gas	\$44.9	\$75.1
Gross Margin (non-GAAP) ⁽¹⁾	\$352.1	\$373.6
Operations and Maintenance Expense	\$127.5	\$135.0
Operating Income	\$129.3	\$137.7
Net Income	\$80.9	\$82.3
Net Income per Share	\$0.32	\$0.31

Revenues

- Higher purchased gas costs, additional revenues from rates and surcharges, customer growth and increased volume from our water segment, and increased gas volumes were the main drivers for the quarter

O&M

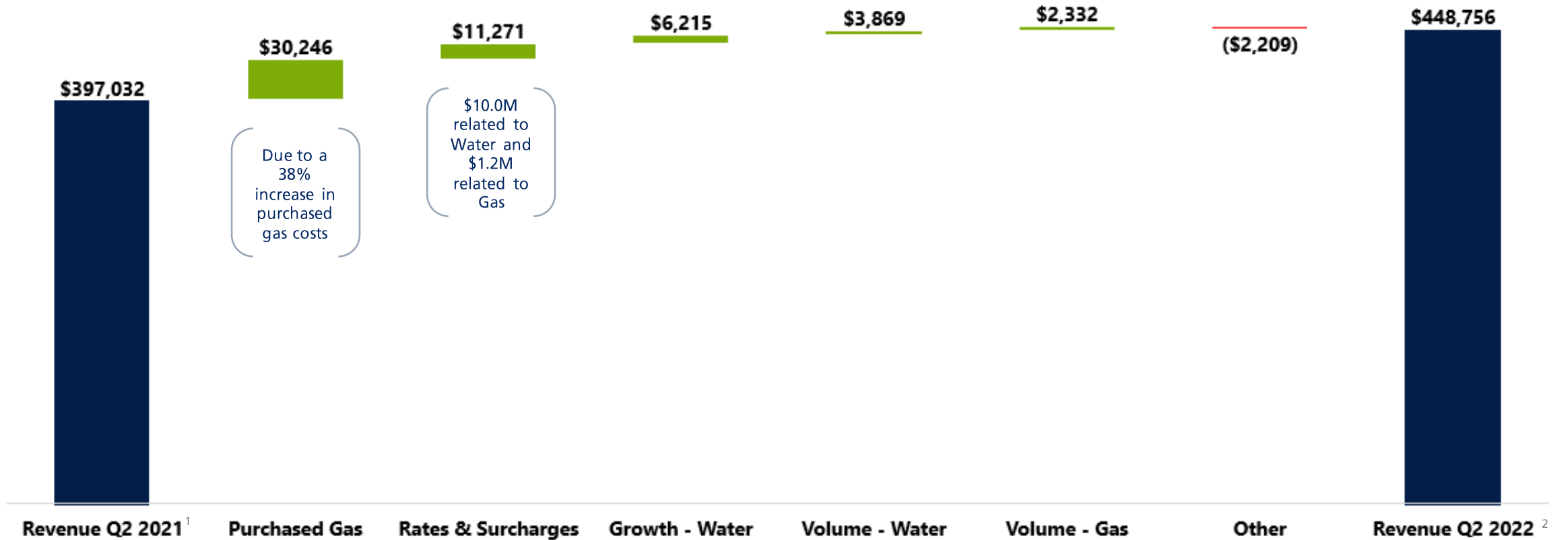
- Recently added acquisitions, increased maintenance expenses, and higher water production costs were the main drivers for the quarter
-

(1) Columns of amounts may not foot due to rounding.

Operating Revenues

Q2 2022 vs. Q2 2021

Change in Operating Revenues (thousands)



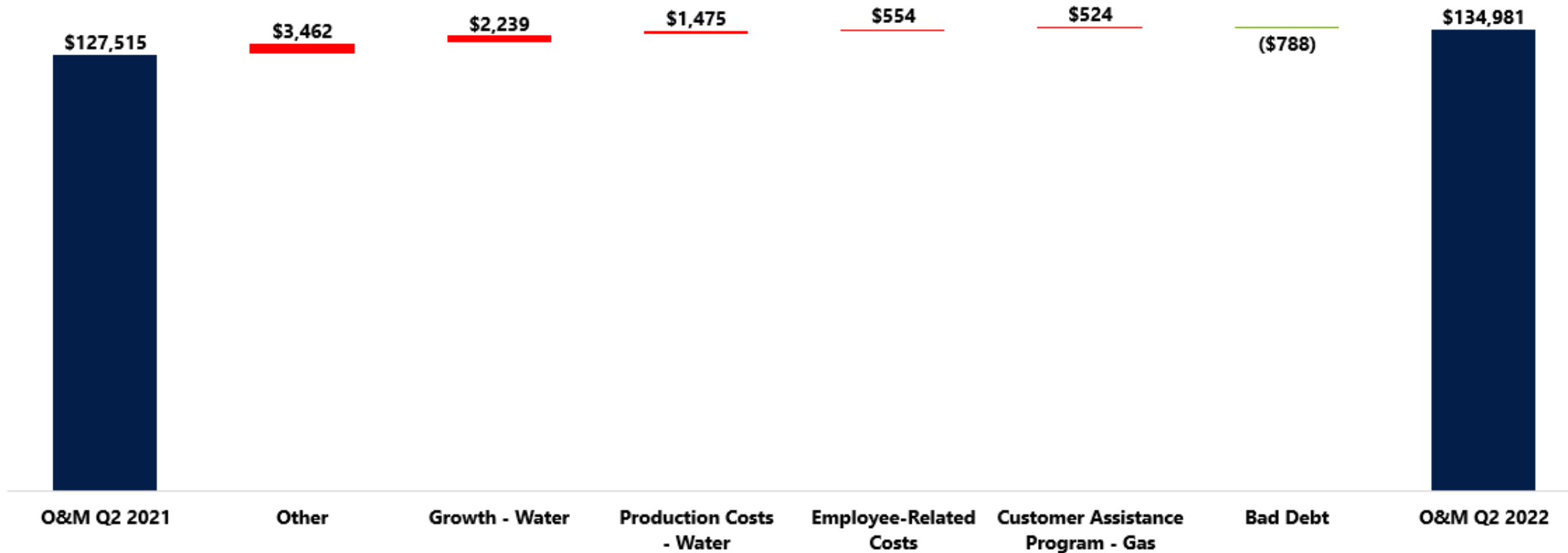
¹ Includes \$44,897 of purchased gas.

² Includes \$75,143 of purchased gas.

Operations & Maintenance Expenses

Q2 2022 vs. Q2 2021

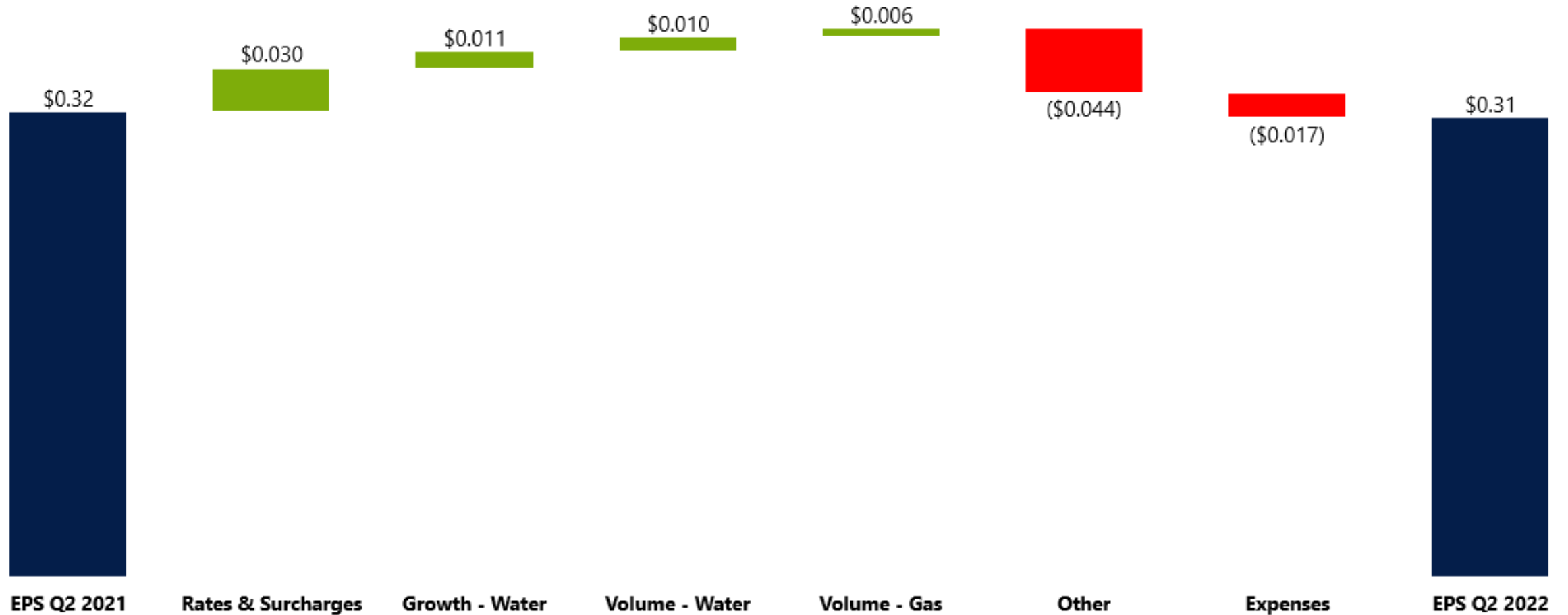
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

Q2 2022 vs. Q2 2021

Change in Earnings Per Share



Rate Activity

As of 08/03/2022

2022 Completed Rate Cases and Surcharges

Water segment base rate cases or surcharges in IL, NC, OH, and PA with annualized revenue increase of \$77.8 million

Gas segment base rate case in KY with annualized revenue increase of \$5.5 million

Pending Rate Cases and Surcharges

Water segment base rate cases in OH, NC, and TX with requested annualized revenue increase of \$44.4 million

No pending gas segment base rate cases or surcharges

Acquisition Update

Matt Rhodes

Executive Vice President, Strategy
and Corporate Development



Pending Municipal Transactions

~\$418M of rate base is expected to generate ~\$20.9M of incremental annual earnings potential⁽¹⁾

Closed Q1 2022

PA

Lower Makefield

- Wastewater
- 11,000 customers
- \$53.0M purchase price
- Closed March 4, 2022

Approved by PUC

PA

East Whiteland

- Wastewater
- 8,175 customers⁽²⁾
- \$54.9M purchase price
- PUC Approval 7/29/2022

PA

Willistown

- Wastewater
- 2,300 customers⁽²⁾
- \$17.5M purchase price
- PUC Approval 7/8/2022

PA

DELCORA

- Wastewater
- 198,000 customers⁽²⁾
- \$276.5M purchase price

IL

Oak Brook

- Water
- 4,000 customers⁽²⁾
- \$12.5M purchase price

PA

Beaver Falls

- Wastewater
- 7,600 customers⁽²⁾
- \$41.25M purchase price

TX

Southern Oaks

- Water
- 740 customers
- \$3.33M purchase price

PA

Shenandoah

- Water
- 3,000 customers
- \$12.0M purchase price

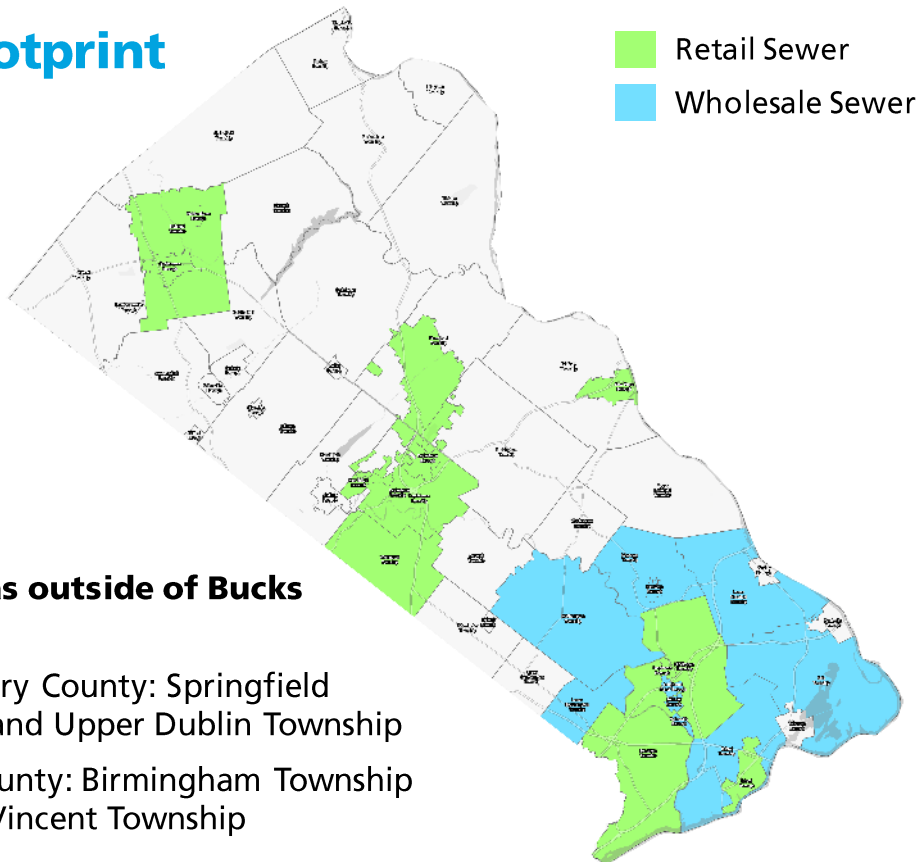
223,815⁽²⁾
Total Customers

\$418M
Total Purchase Price

Exclusive Discussions with Bucks County Water and Sewer Authority

BCWSA Board finds terms of Aqua's proposal to be in the best interest of its customers, taxpayers and the county compared to other offers received

Service Footprint



Service areas outside of Bucks County

- Montgomery County: Springfield Township and Upper Dublin Township
- Chester County: Birmingham Township and West Vincent Township

Transaction Overview

- Aqua Pennsylvania offered ~\$1.1 billion for BCWSA wastewater assets
 - \$935M paid at closing for the existing BCWSA wastewater assets and the Bristol wastewater assets
 - \$195M paid over-time for the wastewater retained capacity
- BCWSA Board granted Aqua a one-year exclusivity agreement
- Completion of APA conditioned on a final vote by BCWSA

BCWSA Sewer System Characteristics⁽¹⁾

Wastewater customers ⁽²⁾	~75,000
Wastewater EDUs ⁽²⁾	~130,000
Wholesale customers	14
Number of plants	15
Total capacity	~50 MGD
Miles (pipe)	~900
Pumping stations	~115

(1) Excludes Bristol except for estimated number of customers and number of EDUs.
(2) Represents Essential's estimate of the number of customers and equivalent dwelling units as of year-end 2022.

Active Municipal Opportunities

Size Range
(Approx. # of Customers)

>25,000

10,000-25,000

<10,000

Total Customers
(Approx. # of Customers)

120,000

200,000

90,000

410,000

Total Customers*

We are actively pursuing acquisition opportunities in most of our states, totaling approximately 410,000 customers. While we do not expect to close all of these opportunities, this illustrates the number of municipals we are evaluating and the increasing opportunity size. Of these potential pipeline opportunities, a majority are wastewater.

2022 Guidance

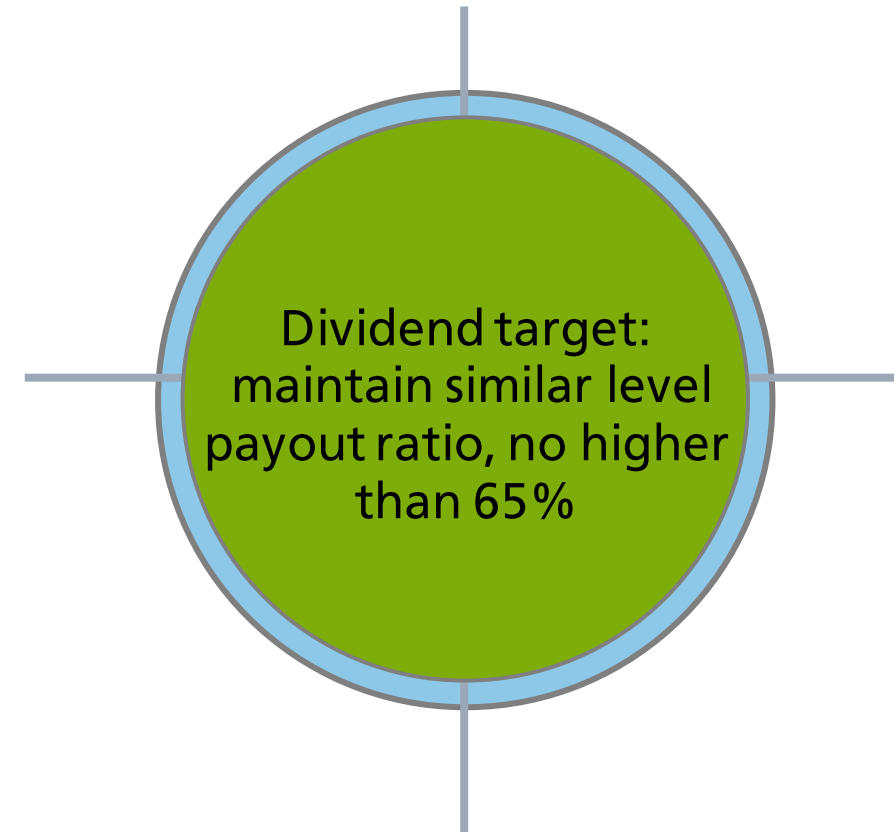
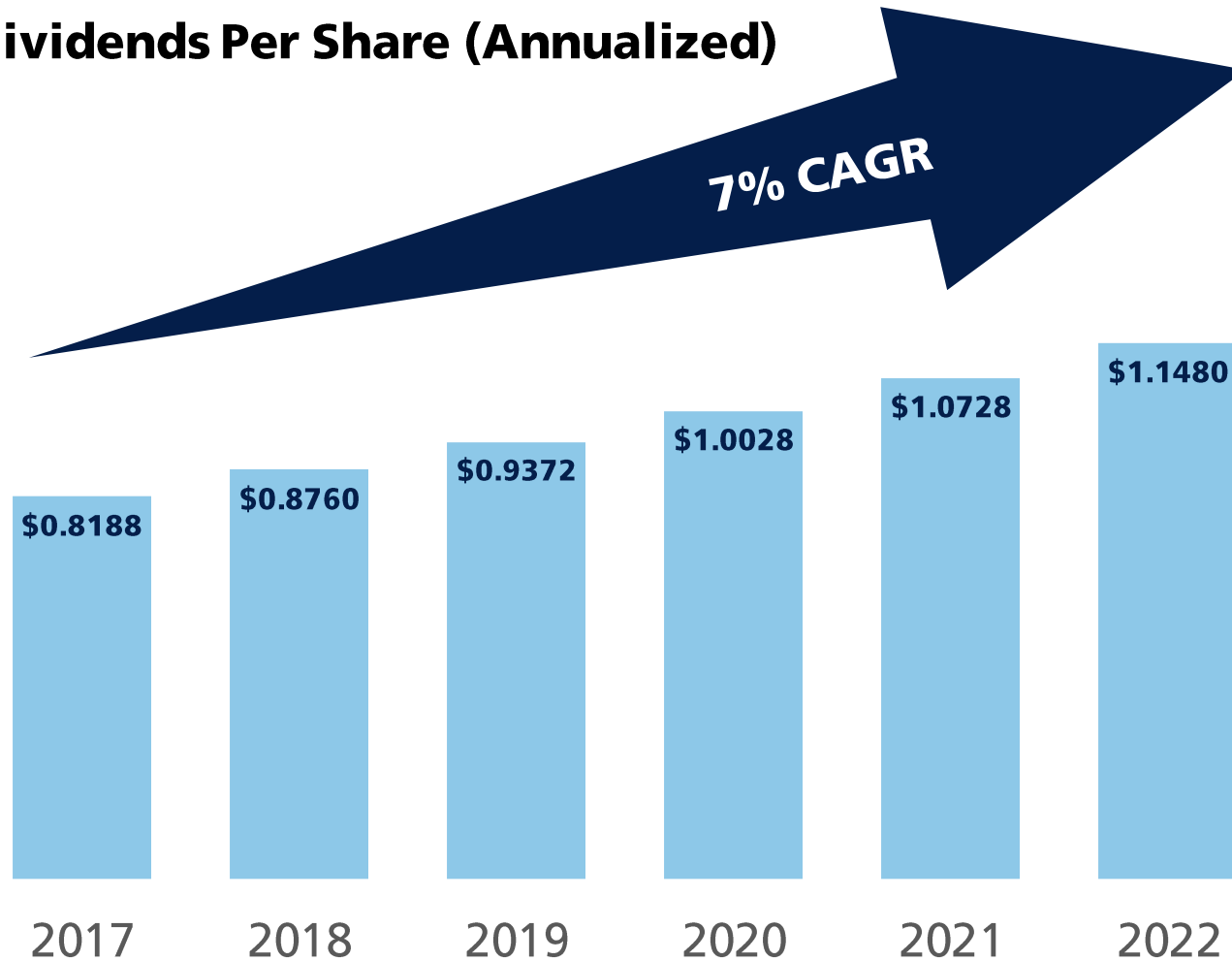
Chris Franklin

Chairman, Chief Executive Officer,
and President



Dividend Growth Targeted In Line with EPS

Dividends Per Share (Annualized)



Guidance

Earnings	Capex	Rate Base ⁽¹⁾	Customer Growth	ESG
<ul style="list-style-type: none">Income per diluted common share of \$1.75 to \$1.80 for 20223-year earnings per share growth CAGR of 5 to 7% for the three-year period 2021 through 2024, which The company expects to reaffirm after the completion of significant regulatory processes	<ul style="list-style-type: none">Regulated infrastructure investments of approximately \$1 billion annually through 2024, weighted towards the regulated water segment	<ul style="list-style-type: none">Regulated rate base compound annual growth rate of 6 to 7% per year through 2024 in waterRegulated rate base compound annual growth rate of 8 to 10% per year through 2024 in natural gas	<ul style="list-style-type: none">Average annual regulated water customer (or equivalent dwelling units) growth of 2 to 3% from acquisitions and organic customer growthGas customer count stable for 2022	<ul style="list-style-type: none">Reduction of Scope 1 and 2 greenhouse gas emissions by 60% by 2035 from our 2019 baselineMulti-year plan to increase diverse supplier spend to 15%Multi-year plan to reach 17% employees of colorMulti-year plan to ensure that finished water does not exceed 13 parts per trillion of PFOA, PFOS, and PFNA compounds

(1) Represents rate base growth excluding acquisitions.

Questions?

Thank You for Attending Essential's Second Quarter 2022 Conference Call



Third Quarter 2022 Earnings
Conference Call and Webcast

Thursday, November 3, 2022

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Appendix



Year to Date Financial Highlights

As of June 30, 2022

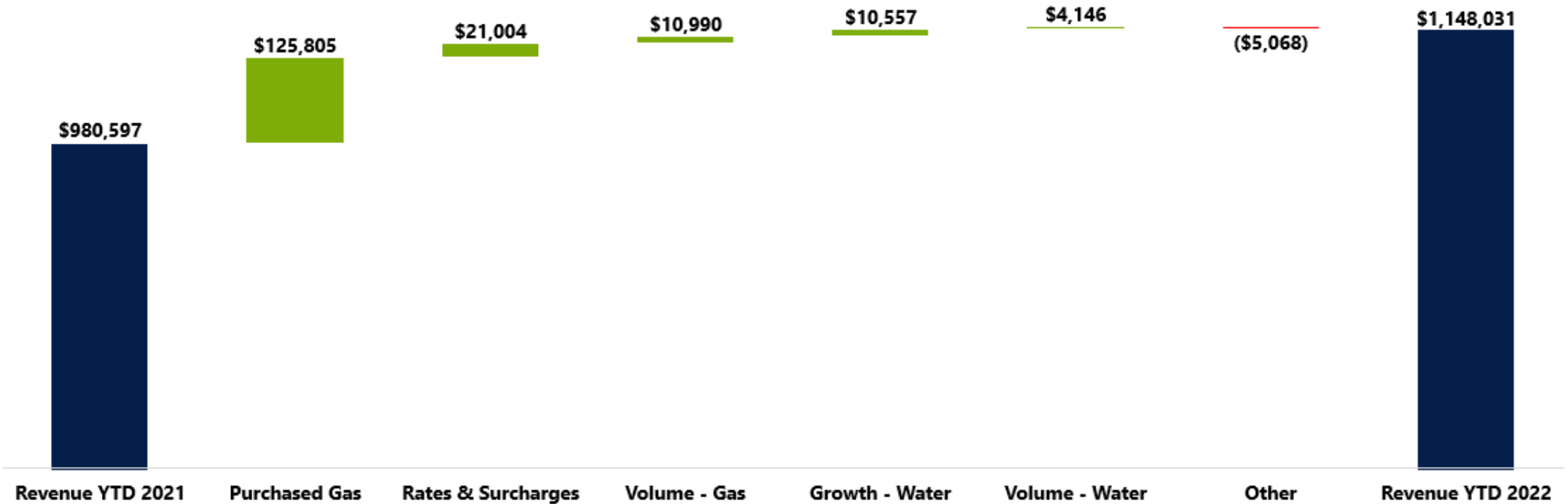
<i>In millions except per share</i>	YTD 2021	YTD 2022	Percent Change
Operating Revenues (GAAP)	\$980.6	\$1,148.0	↑ 17.1%
Purchased Gas	\$177.1	\$302.9	↑ 71.1%
Gross Margin (non-GAAP) ⁽¹⁾	\$803.5	\$845.2	↑ 5.2%
Operations and Maintenance Expense	\$252.6	\$277.6	↑ 9.9%
Operating Income	\$361.7	\$365.4	↑ 1.0%
Net Income	\$264.6	\$281.7	↑ 6.5%
Net Income per Share	\$1.04	\$1.07	↑ 2.9%

⁽¹⁾ Columns of amounts may not foot due to rounding.

Operating Revenues

YTD June 30, 2022 vs. YTD June 30, 2021

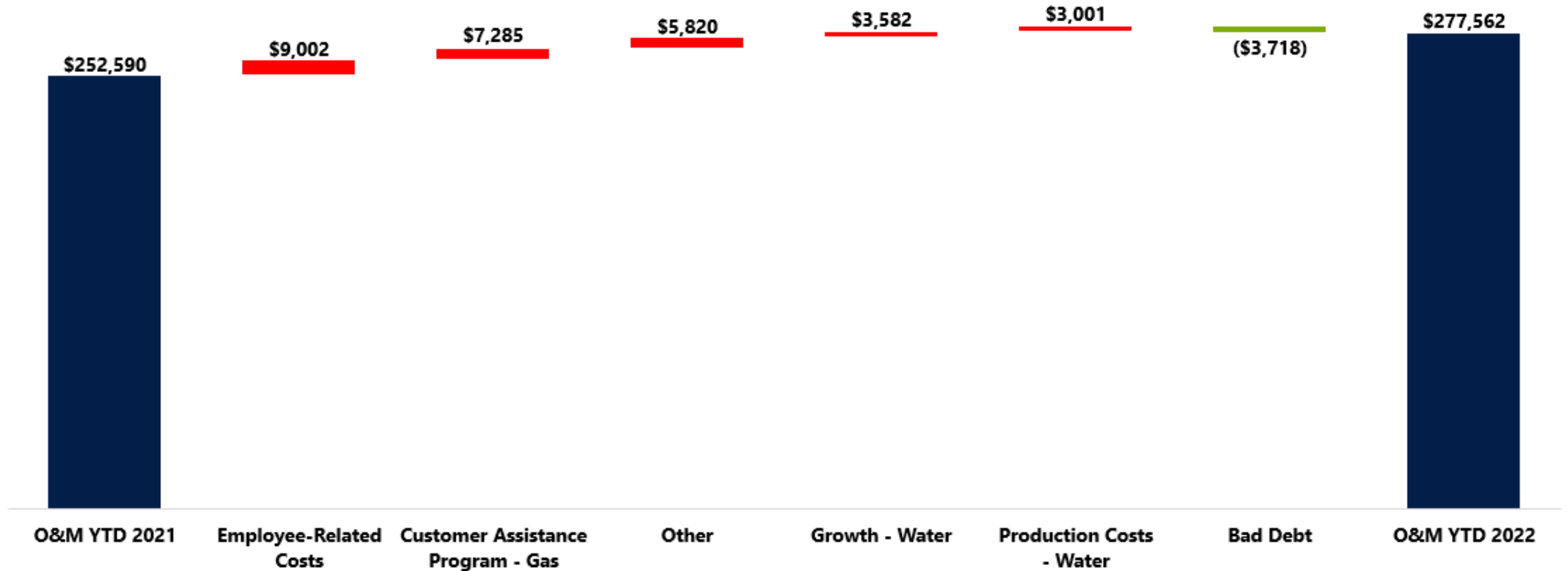
Change in Operating Revenues (thousands)



Operations & Maintenance Expenses

YTD June 30, 2022 vs. YTD June 30, 2021

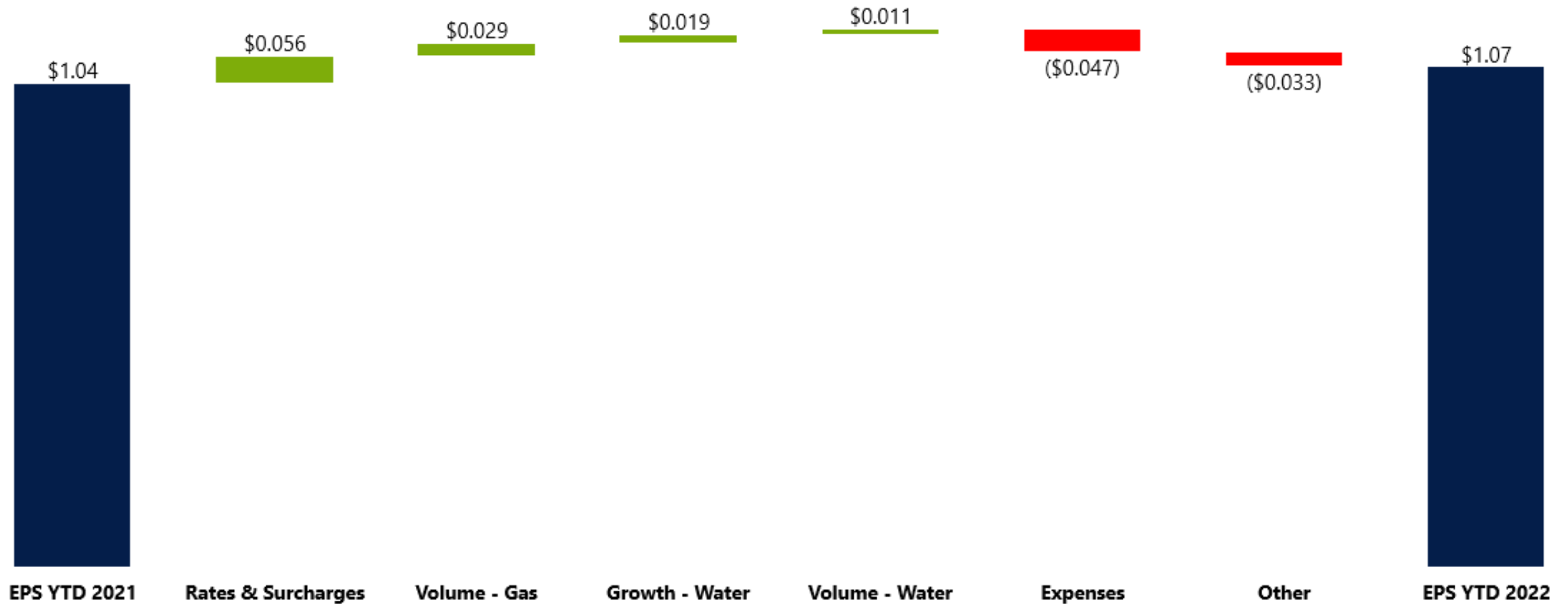
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

YTD June 30, 2022 vs. YTD June 30, 2021

Change in Earnings Per Share



2022 Rates and Surcharges Completed

As of 08/03/2022

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,378
Pennsylvania	M-2021-3030074	Water	Surcharge	\$4,016
	M-2021-3030128	Wastewater	Surcharge	\$349
	M-2022-3031515	Wastewater	Surcharge	\$21
	R-2021-3027385	Water	Rate Case	\$50,510
	R-2021-3027386	Wastewater	Rate Case	\$18,741
North Carolina	W-218, Sub 526A	Water	Surcharge	\$765
	W-218, Sub 526A	Wastewater	Surcharge	\$316
Kentucky	2021-00185	Gas	Rate Case	\$5,498
Illinois	N/A	Water	Surcharge	\$1,533
	N/A	Wastewater	Surcharge	\$160
Total				\$83,287

Rates and Surcharges Pending

As of 08/03/2022

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio	21-0595-WW-AIR	Water	Rate Case	\$8,290
	21-0596-ST-AIR	Wastewater	Rate Case	\$454
North Carolina	W-218, Sub 573	Water	Rate Case – Year 1	\$12,704
	W-218, Sub 573	Wastewater	Rate Case – Year 1	\$5,360
	W-218, Sub 573	Water	Rate Case – Year 2	\$3,143
	W-218, Sub 573	Wastewater	Rate Case – Year 2	\$1,160
	W-218, Sub 573	Water	Rate Case – Year 3	\$3,283
	W-218, Sub 573	Wastewater	Rate Case – Year 3	\$1,294
Texas	53428	Water	Surcharge	\$6,222
	53428	Wastewater	Surcharge	\$2,462
Total				\$44,372

State by State Comparison

As of December 31, 2021

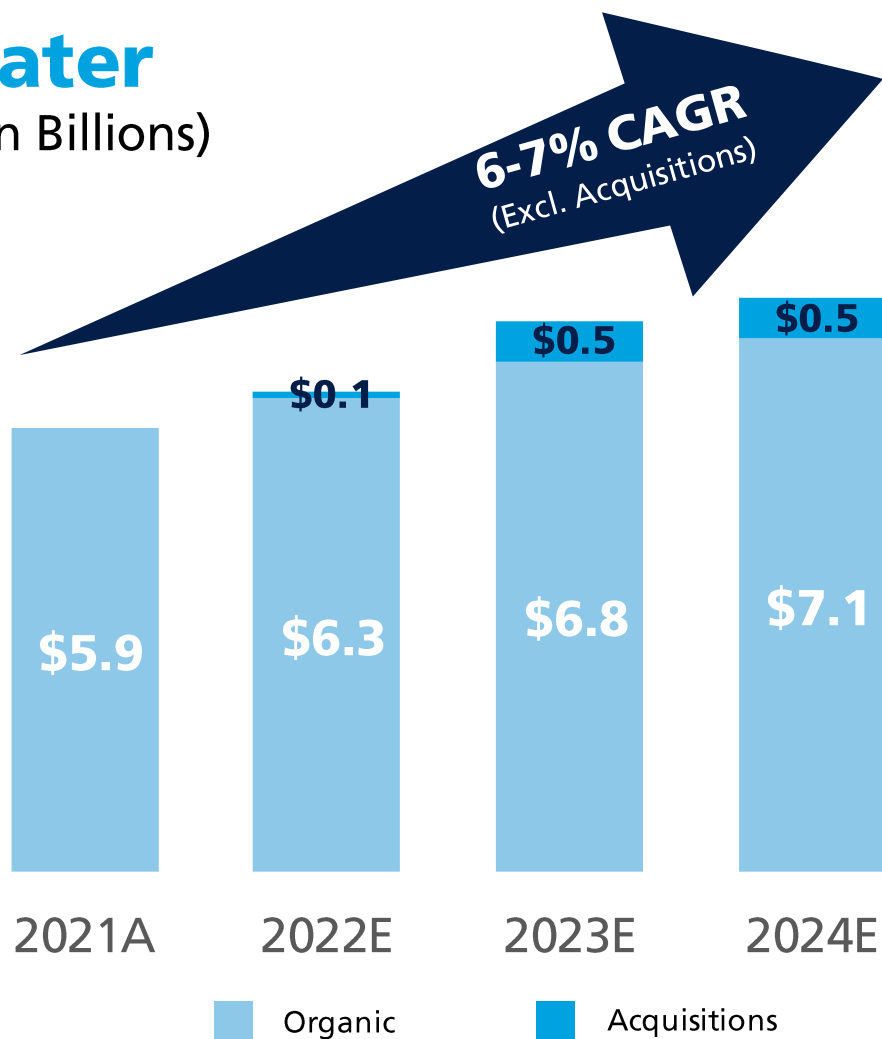
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$3,936,496	447,726	45,572	493,298
IL	\$437,697	66,670	23,578	90,248
OH	\$430,046	151,221	6,950	158,171
TX	\$420,570	71,029	20,632	91,661
NC	\$274,135	84,452	21,527	105,979
NJ	\$212,911	55,009	6,505	61,514
IN	\$100,789	1,391	29,520	30,911
VA	\$88,423	26,829	8,194	35,023
Total	\$5,901,067	904,327	162,478	1,066,805

State	Rate Base (\$000s)	Gas Connections
PA	\$2,540,494	699,949
KY	\$133,246	40,378
WV	\$31,069	12,917
Total	\$2,704,809	753,244

Maximizing Rate Base Growth Potential

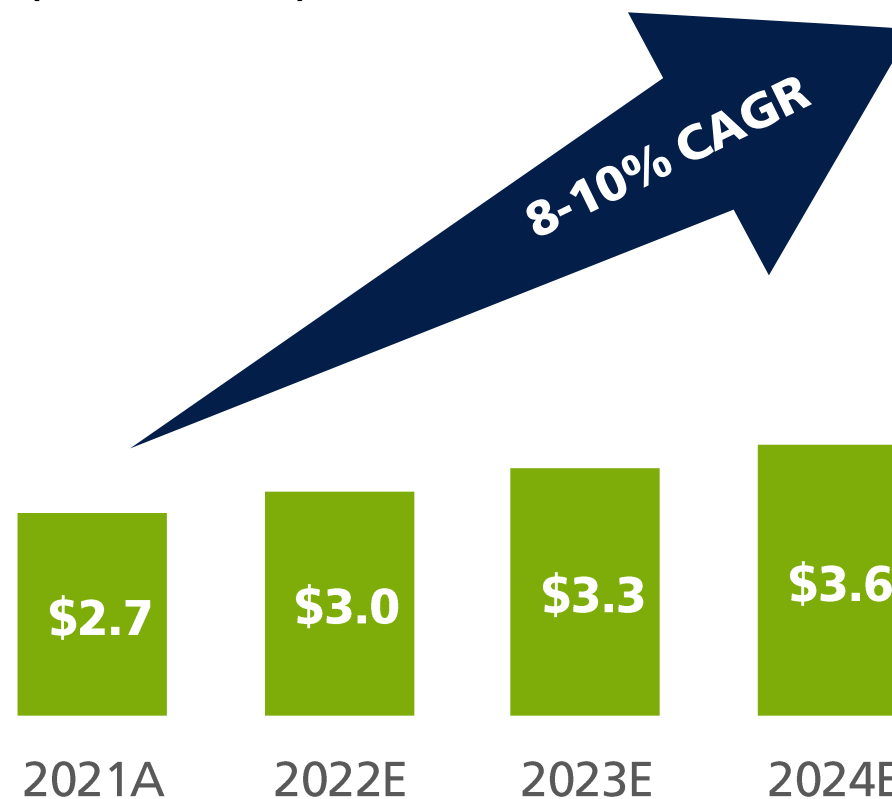
Water

(\$ in Billions)



Gas

(\$ in Billions)



"A" denotes Actual
"E" denotes Estimate

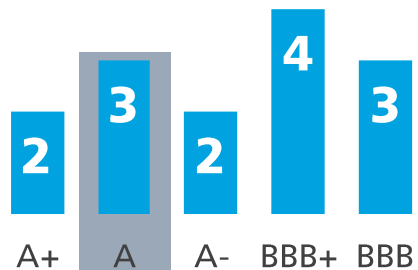
Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

Issuer	Issuance
A	A-
A	A+
A	A

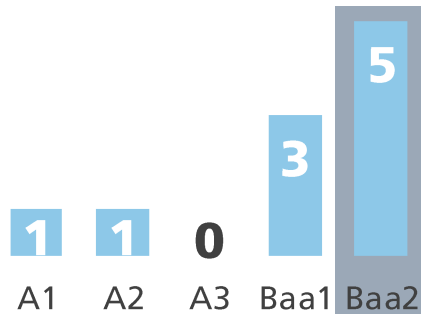
Peer Issuer Ratings⁽¹⁾



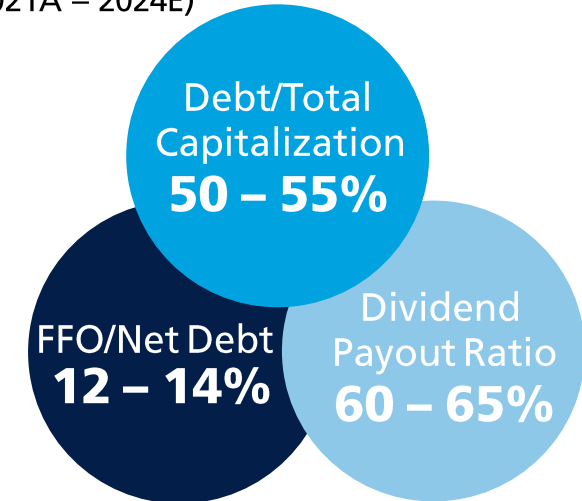
MOODY'S

Issuer	Issuance
Baa2	Baa2
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Baa1	Baa1

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics (2021A – 2024E)



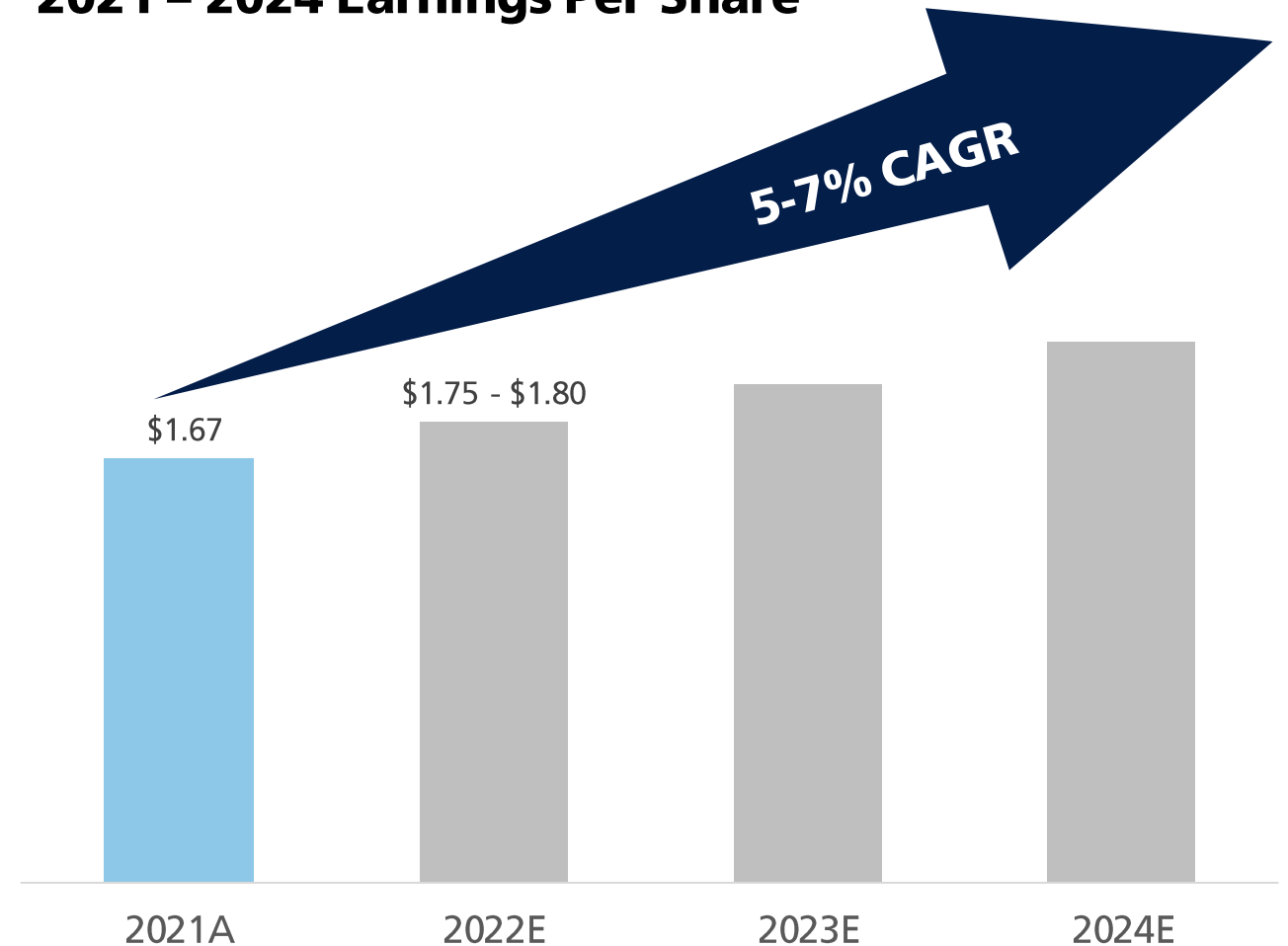
In order to maintain our credit metrics and achieve our investment and acquisition goals, we will regularly be in the market for debt and equity.

(1) Peer ratings include LNT, AWR, AWK, ATO, AVA, BKH, CWT, NJR, NI, NWE, OGE, OGS, SJI, SWX, and SR; not all peers have ratings from both agencies

Earnings Guidance

2022 annual earnings per share guidance of \$1.75 to \$1.80

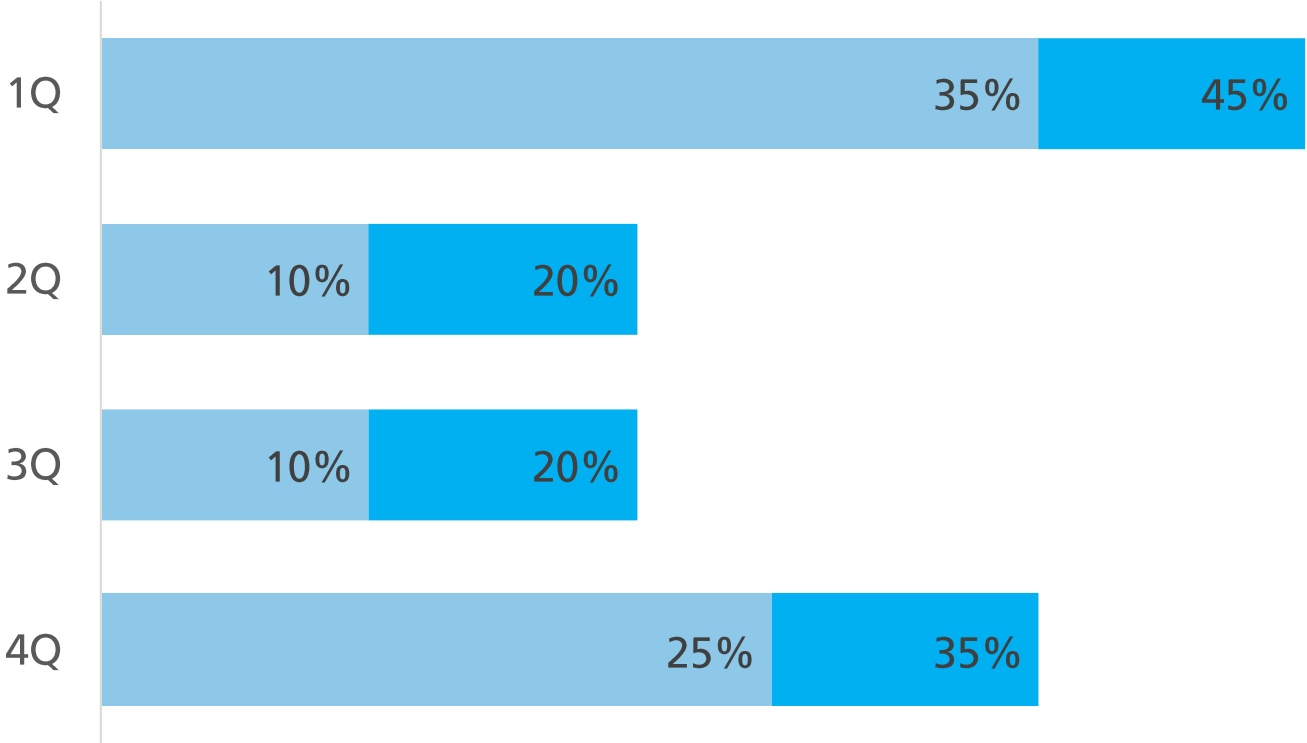
2021 – 2024 Earnings Per Share



"A" denotes Actual
"E" denotes Estimate

Earnings Weighted to 1Q, 4Q

Approximate Net Income By Quarter



Based on company projections, 65-75% of net income is expected to be earned in 1Q and 4Q