



Essential[™]
UTILITIES

EARNINGS CALL
Second Quarter 2023

August 8, 2023

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

Company Update

Chris Franklin

Chairman, Chief Executive Officer,
and President



Corporate Updates

\$0.34
Earnings Per
Share

Infrastructure
Investment of
\$547.6M

Seven Systems
Acquired in
2023⁽¹⁾

Pending
Acquisition of
Four Systems⁽²⁾

7% Dividend
Increase

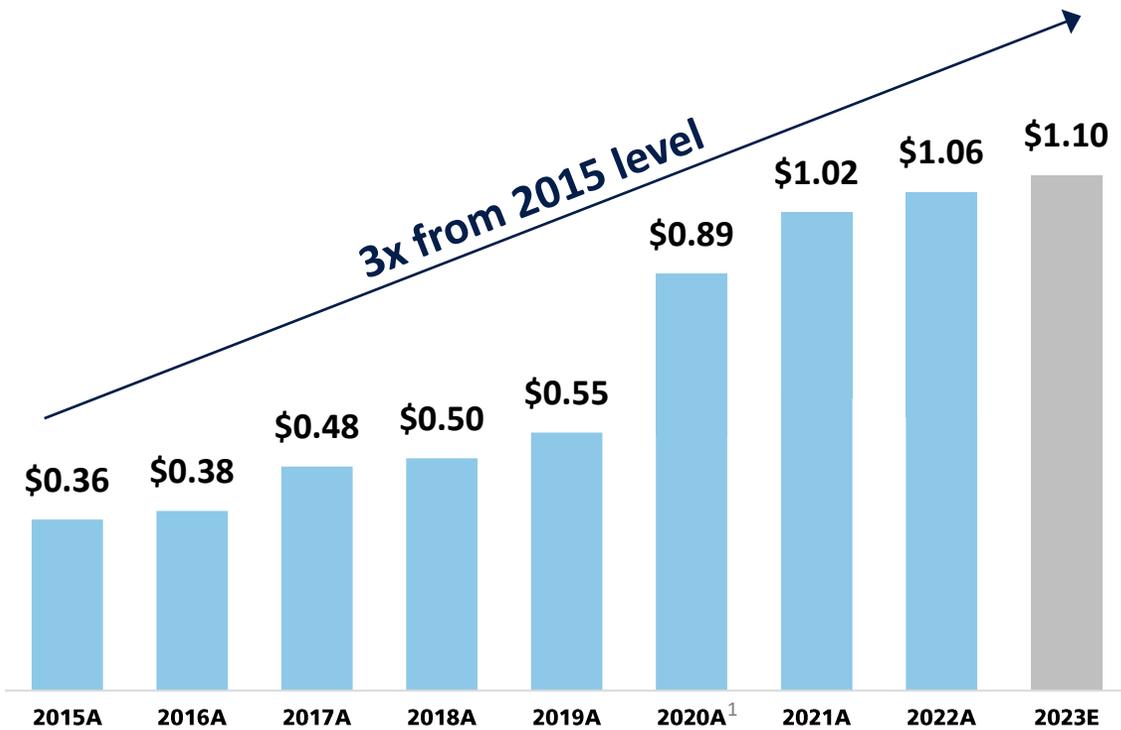
33rd increase in 32 years

78th consecutive year of
dividend payments

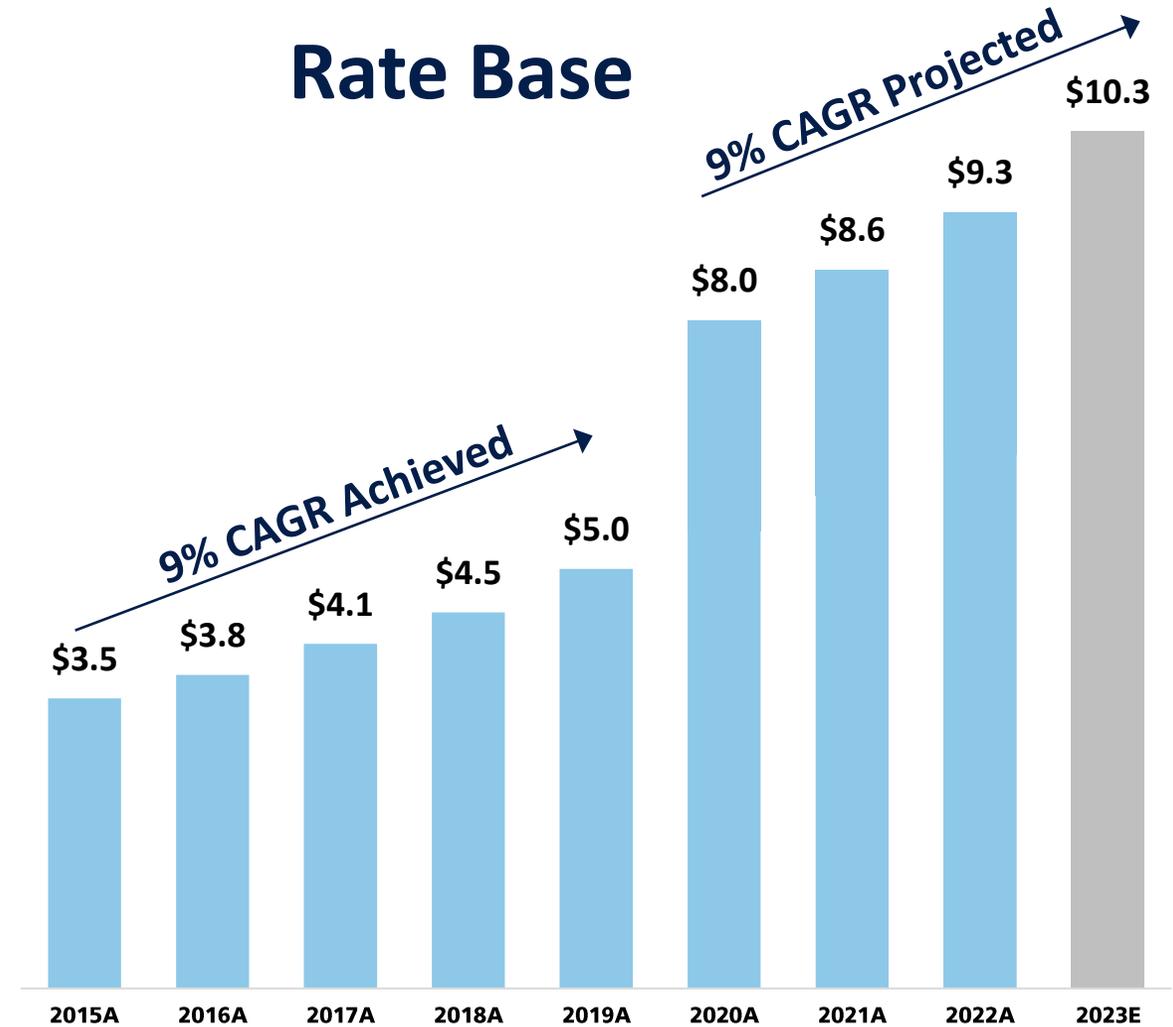
Upgrading, Expanding, and Replacing Infrastructure

(\$ in Billions)

Annual Capital Investment



Rate Base



"A" denotes Actual

"E" denotes Estimate

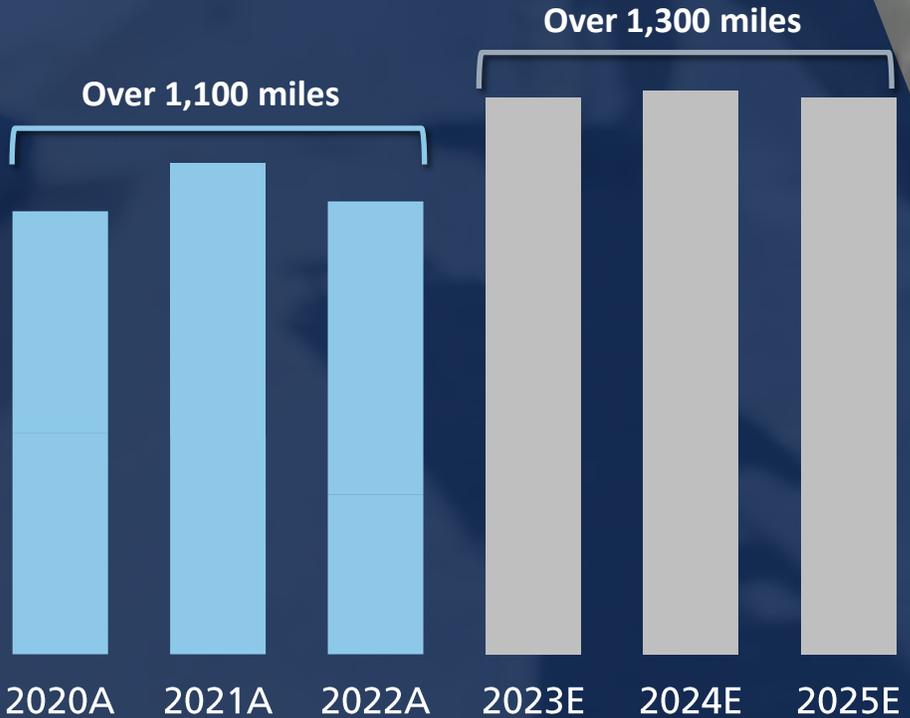
¹ Includes \$0.05 of capital invested by Peoples prior to closing.

Robust Infrastructure Investment Profile

Reducing water loss and methane emissions

Undeniable expertise and track record in significantly improving the reliability and environmental profile of systems we acquire

Miles of Pipe Replaced



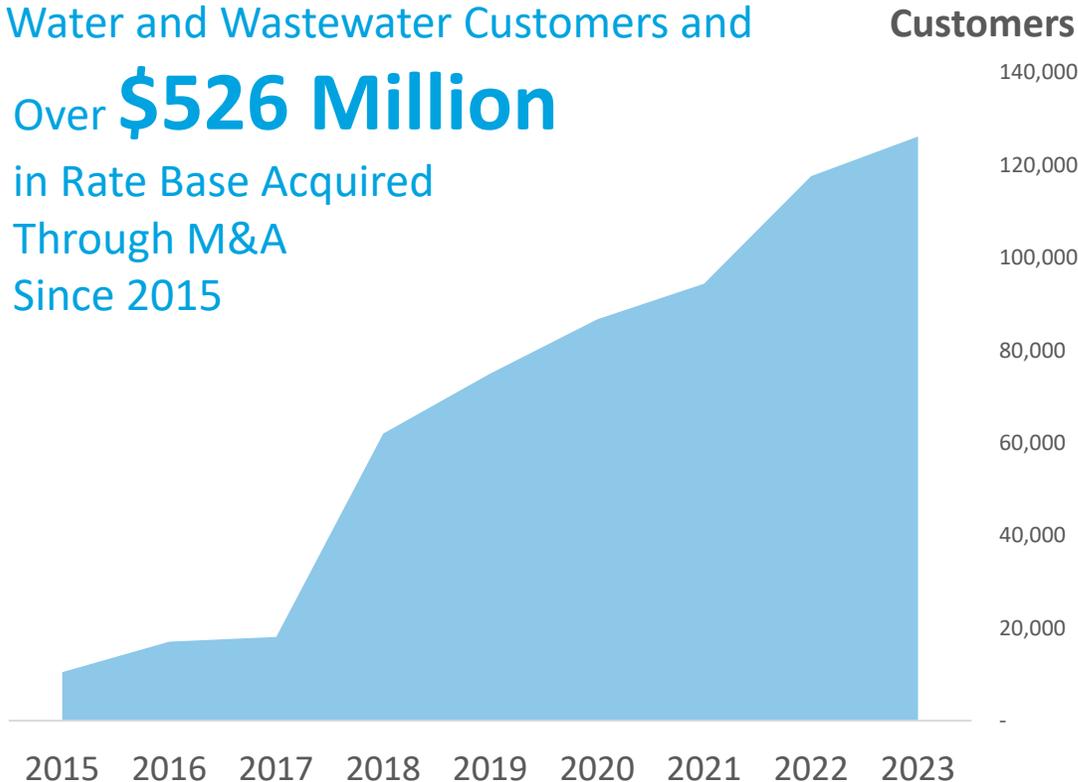
Expect to replace over
1,300 miles
of pipeline from
2023 to 2025

"A" denotes Actual
"E" denotes Estimate

Continued Water and Wastewater Acquisition Success

Cumulative Additions of Customers Through Acquisitions Since 2015

Nearly **129,000⁽¹⁾**
Water and Wastewater Customers and
Over **\$526 Million**
in Rate Base Acquired
Through M&A
Since 2015



2023 Acquisitions

State	Acquisition Name	Details
PA	North Heidelberg	<ul style="list-style-type: none"> Wastewater 275 customers \$0.1M purchase price Closed March 31, 2023
OH	Union Rome	<ul style="list-style-type: none"> Wastewater 5,300 customers⁽¹⁾ \$25.5M purchase price Closed June 30, 2023
PA	Shenandoah	<ul style="list-style-type: none"> Water 3,000 customers \$12M purchase price Closed July 24, 2023
TX	Southern Oaks	<ul style="list-style-type: none"> Water 740 customers \$3.33M purchase price Closed July 31, 2023
IL	Village of Frankfort	<ul style="list-style-type: none"> Water/Wastewater 711 / 711 customers \$1.4M purchase price Closed July 31, 2023
OH	Village of La Rue	<ul style="list-style-type: none"> Water 290 customers \$2.25M purchase price Closed July 31, 2023

11,025⁽¹⁾

Total Customers

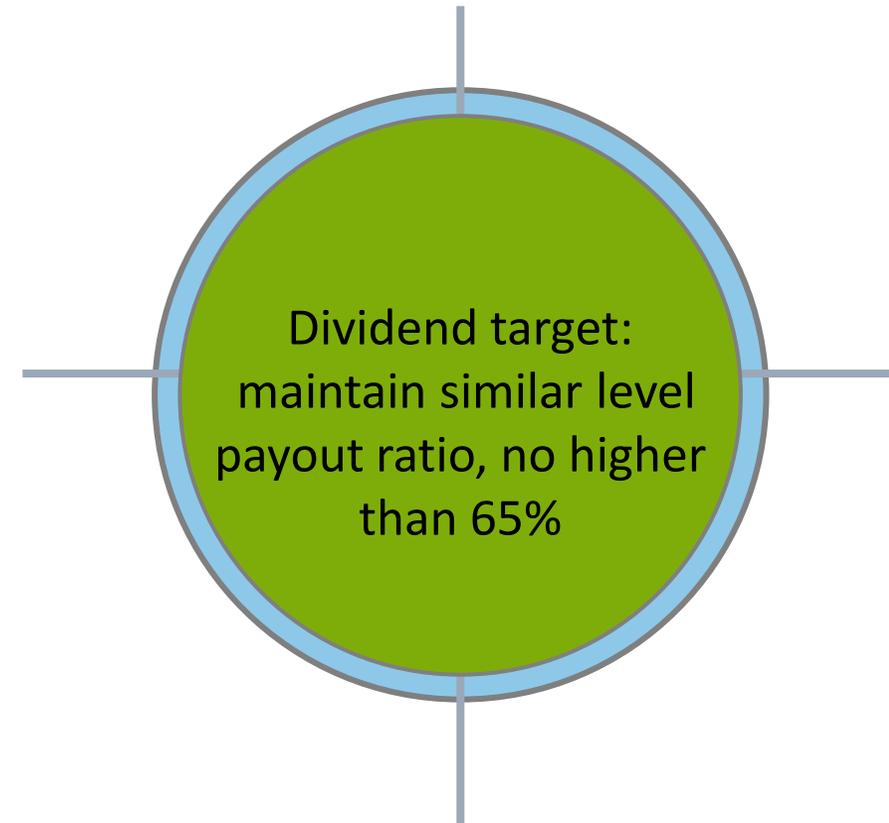
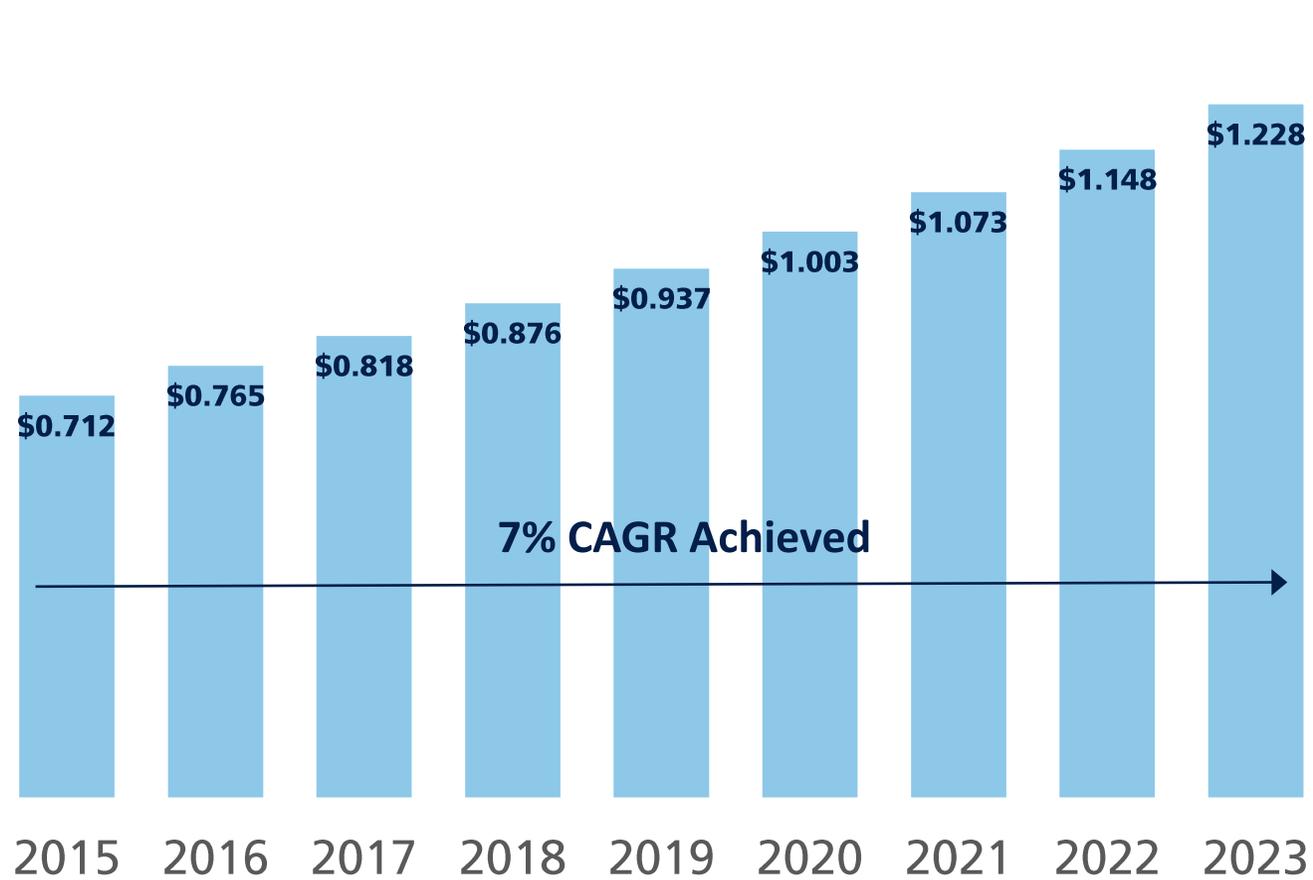
\$44.6M

Total Purchase Price

(1) Essential's estimate of the number of equivalent dwelling units.

Dividend Growth Targeted In Line with EPS

Dividends Per Share (Annualized)



Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q2 Financial Highlights

As of June 30, 2023

<i>In millions except per share</i>	Q2 2022	Q2 2023
Operating Revenues	\$448.8	\$436.7
Purchased Gas	\$75.1	\$41.9
Operations and Maintenance Expense	\$135.0	\$133.5
Operating Income	\$137.7	\$155.3
Net Income	\$82.3	\$91.3
Net Income per Share	\$0.31	\$0.34

Revenues

- Additional revenues from regulatory recoveries, regulated water segment customer growth, and increased water volume were the main drivers for the quarter; offset by lower purchased gas costs and natural gas consumption.
-

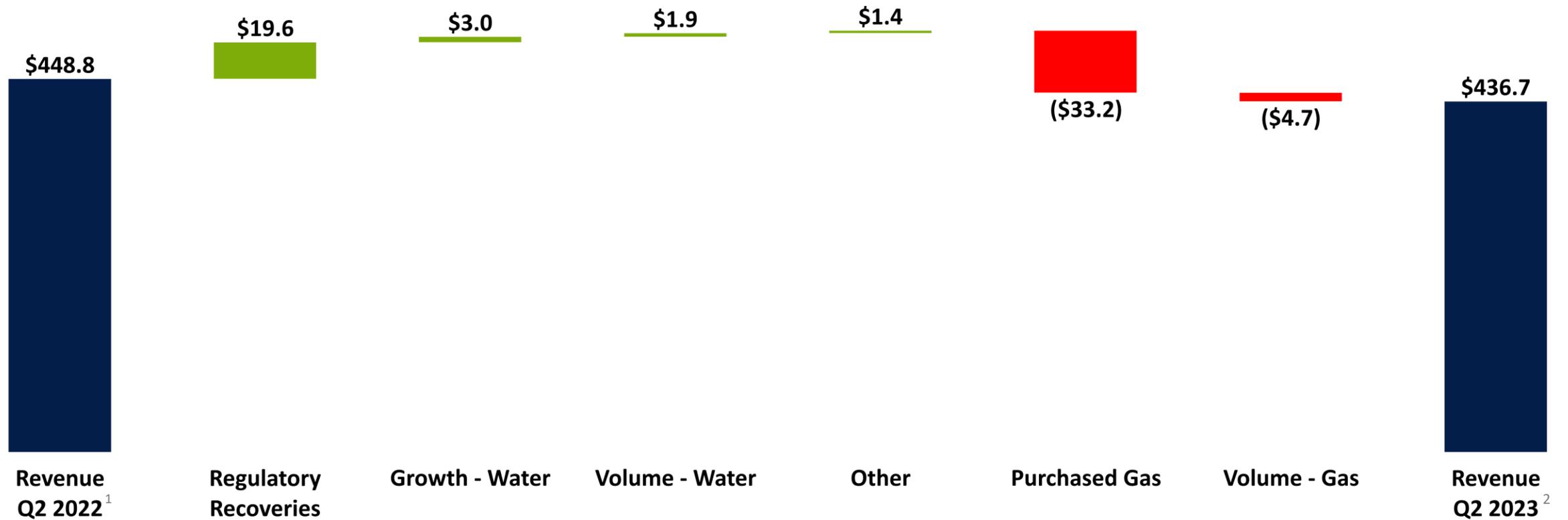
O&M

- Higher water production costs and employee-related costs, and expenses related to added acquisitions were offset by a decrease in other expense items and the gas customer rider for the quarter.
-

Operating Revenues

Q2 2023 vs. Q2 2022

Change in Operating Revenues (millions)



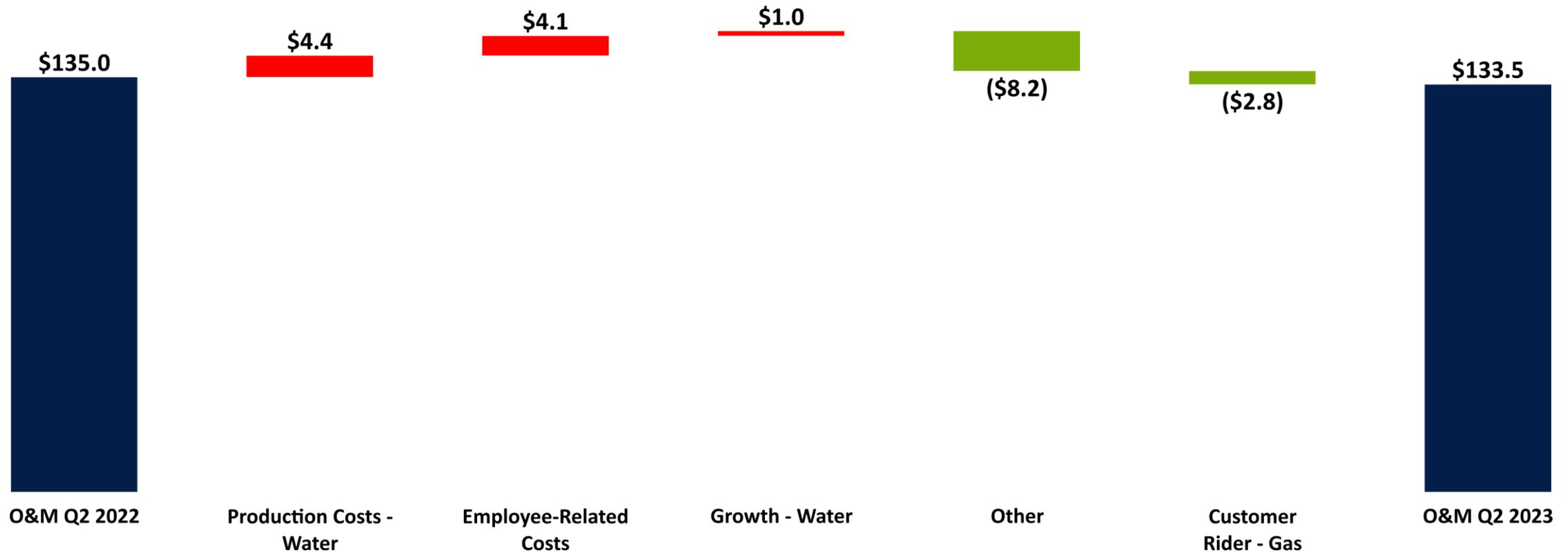
¹ Includes \$75.1 of purchased gas.

² Includes \$41.9 of purchased gas.

Operations & Maintenance Expenses

Q2 2023 vs. Q2 2022

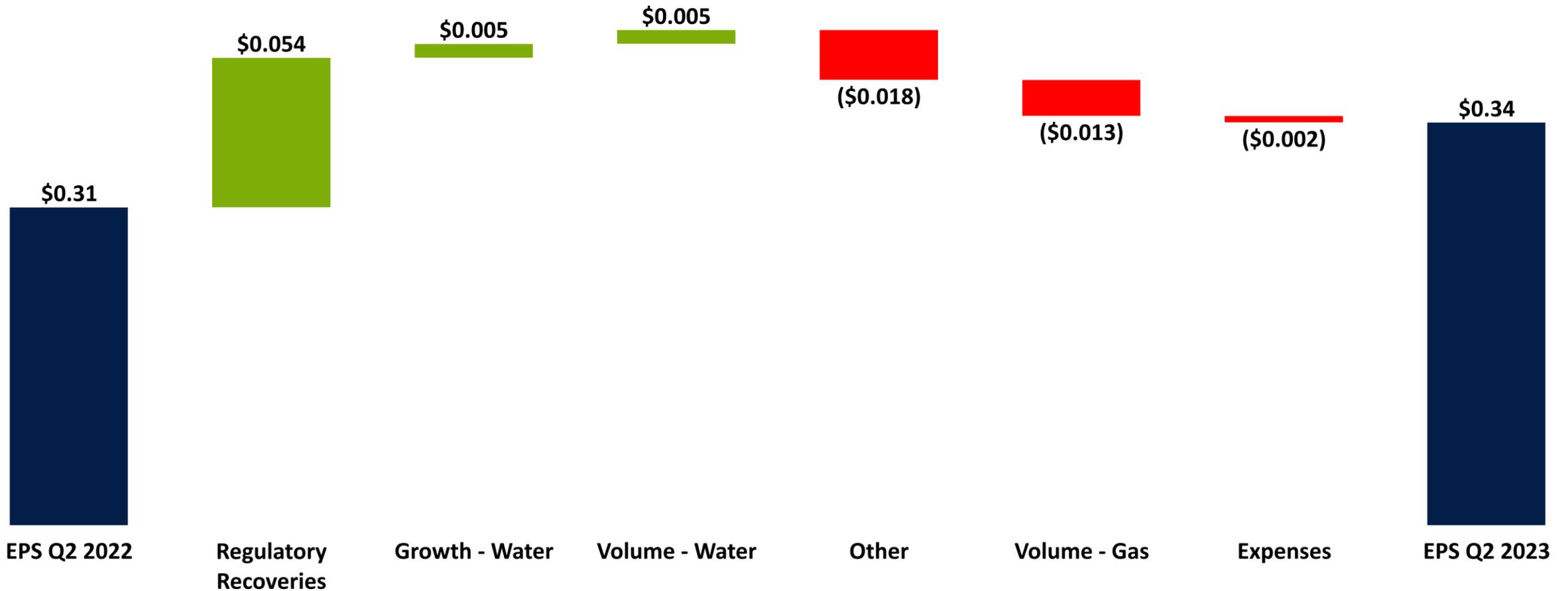
Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

Q2 2023 vs. Q2 2022

Change in Earnings Per Share



Regulatory Activity

As of August 7, 2023

2023 Completed Regulatory Recoveries

Water segment base rate cases or surcharges in IL, IN, NC, OH, PA, and VA with annualized revenue increase of \$26.4 million

Gas segment surcharges in PA with annualized revenue increase of \$20.9 million

Pending Regulatory Recoveries

Water segment base rate cases or surcharges in OH, TX, and VA with requested annualized revenue increase of \$24.7 million

Gas segment surcharge in KY with requested annualized revenue increase of \$1.5 million

Summary and 2023 Guidance

Chris Franklin

Chairman, Chief Executive Officer,
and President



Pending Municipal Transactions

~\$335.8M of pending rate base is expected to generate ~\$17M of incremental annual earnings potential⁽¹⁾

Over 208,000⁽²⁾ Total Customers

\$335.8M Total Purchase Price

PA

DELCORA

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

PA

Beaver Falls

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

PA

Greenville

- Wastewater
- 2,300 customers
- \$18.0M purchase price

IL

Westfield HOA

- Wastewater
- 225 customers
- \$0.5M purchase price

Active Municipal Opportunities

Size Range
(Approx. # of Customers)



Total Customers
(Approx. # of Customers)



We are actively pursuing acquisition opportunities in most of our states, totaling over 400,000 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.

Over 400,000
Total Customers

2023 Guidance⁽¹⁾

Earnings	Capex	Rate Base	Customer Growth	ESG
<ul style="list-style-type: none"> 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 company's 2022 earnings per share of \$1.77 	<ul style="list-style-type: none"> Through 2025, we will make regulated infrastructure investments of approximately \$1.1 billion annually, weighted towards the regulated water segment 	<ul style="list-style-type: none"> Through 2025, the regulated water segment rate base will grow at a compounded annual rate of 6 to 7% Through 2025, the regulated natural gas segment rate base will grow at a compounded annual rate of 8 to 10% 	<ul style="list-style-type: none"> The regulated water customer base (or equivalent dwelling units) of the business will grow at an average annual growth rate of between 2 to 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 in 2023 	<ul style="list-style-type: none"> Reduction of Scope 1 and 2 greenhouse gas emissions by 60% by 2035 from the company's 2019 baseline Multi-year plan to ensure that finished water does not exceed the federal maximum contaminant level once finalized, of PFOA, PFOS, and PFNA compounds Multi-year plan to increase diverse supplier spend to 15% Multi-year plan to reach 17% employees of color

(1) Guidance includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2023 guidance was announced but does not include DELCORA prior to the second half of 2025 or other potential municipal acquisitions from the company's list of acquisition opportunities. Guidance also does not include any impact from the agreement to sell its West Virginia natural gas utility, which is expected to close later in 2023, as it is not expected to materially impact guidance. The guidance is also based on the company's expectation that it will continue to issue equity and debt on an as needed basis to support acquisitions and capital investment plans.

Questions?

Thank You for Attending Essential's Second Quarter 2023 Conference Call



**Third Quarter 2023 Earnings
Conference Call and Webcast
Tuesday, November 7, 2023**

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Appendix



Year to Date Financial Highlights

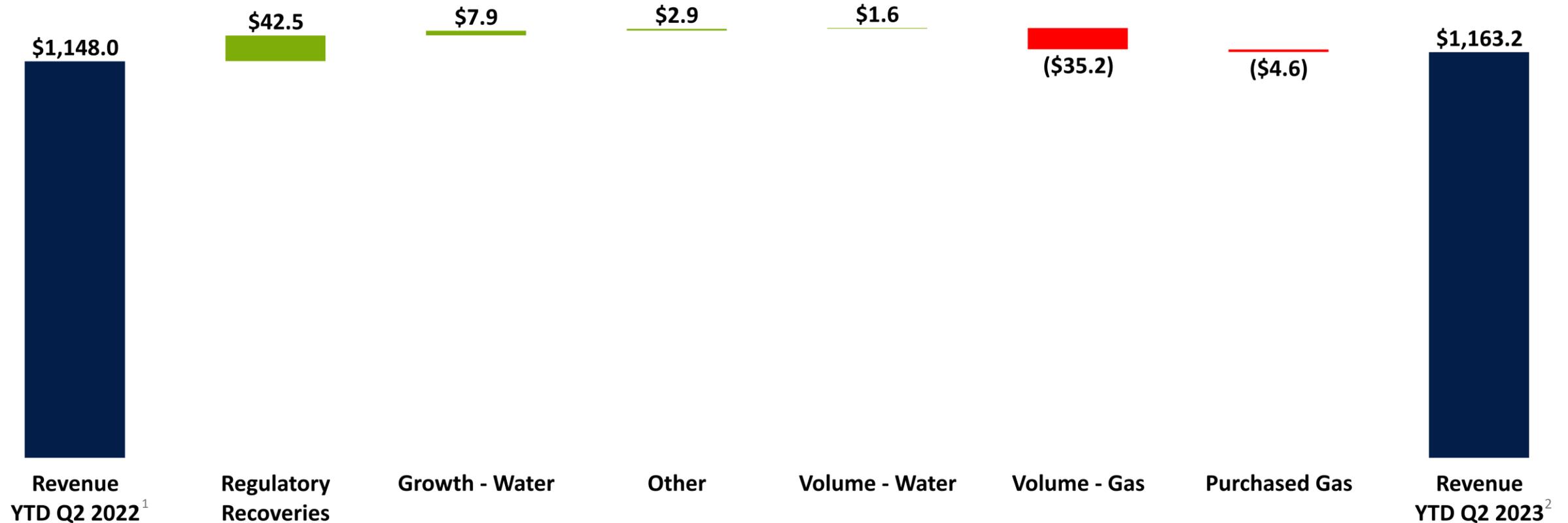
As of June 30, 2023

<i>In millions except per share</i>	YTD 2022	YTD 2023	Percent Change
Operating Revenues	\$1,148.0	\$1,163.2	1.3%
Purchased Gas	\$302.9	\$298.2	(1.5%)
Operations and Maintenance Expense	\$277.6	\$271.5	(2.2%)
Operating Income	\$365.4	\$380.7	4.2%
Net Income	\$281.7	\$282.7	0.4%
Net Income per Share	\$1.07	\$1.07	0.0%

Operating Revenues

YTD June 30, 2023 vs. YTD June 30, 2022

Change in Operating Revenues (millions)



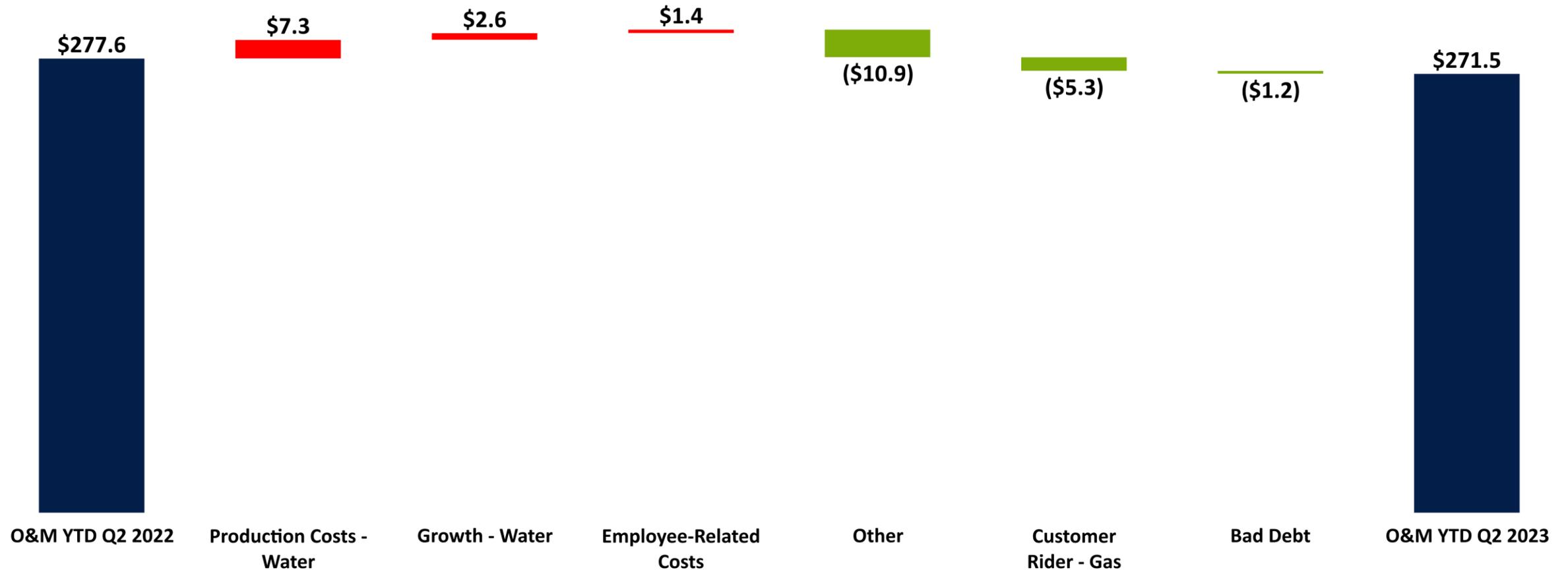
¹ Includes \$302.9 of purchased gas.

² Includes \$298.2 of purchased gas.

Operations & Maintenance Expenses

YTD June 30, 2023 vs. YTD June 30, 2022

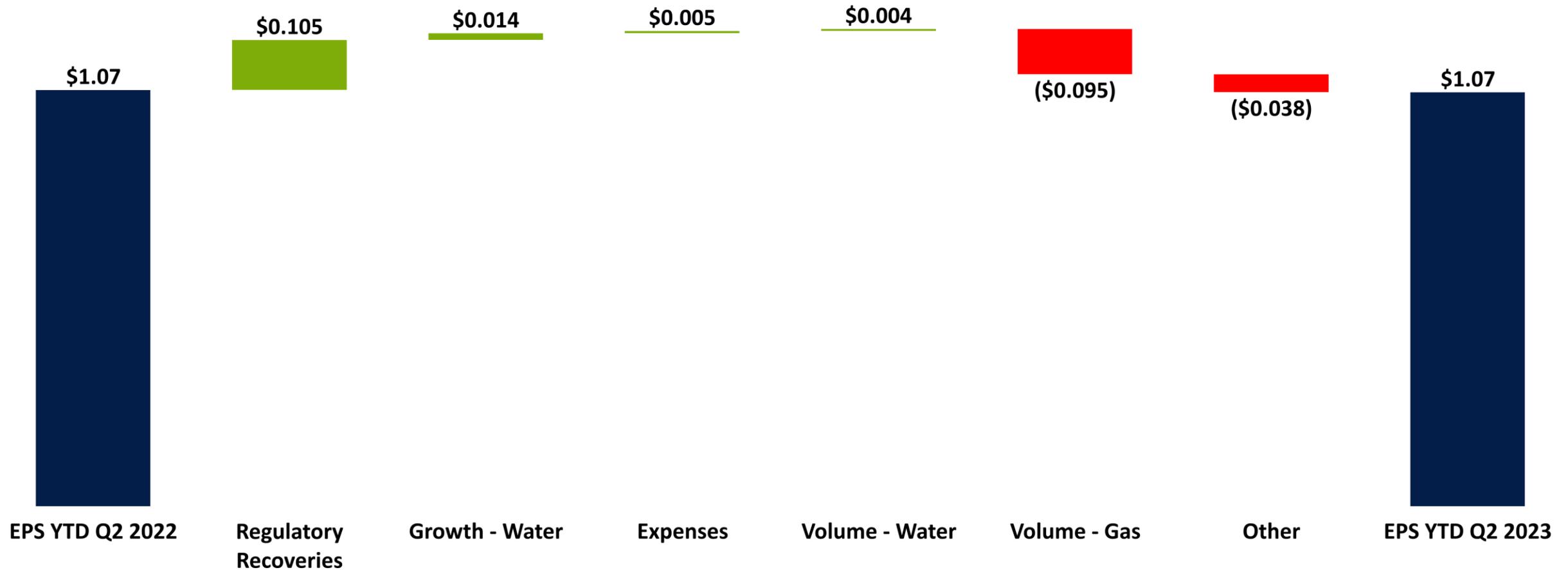
Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

YTD June 30, 2023 vs. YTD June 30, 2022

Change in Earnings Per Share



2023 Regulatory Activity Completed

As of August 7, 2023

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,569
Indiana		Wastewater	Rate Case	\$134
Illinois		Water	Surcharge	\$1,352
		Wastewater	Surcharge	\$567
Virginia	PUR-2022-00113	Wastewater	Surcharge	\$15
North Carolina	W-218, Sub 573	Water	Rate Case – Year 1	\$9,706
	W-218, Sub 573	Wastewater	Rate Case – Year 1	\$4,294
	W-218, Sub 573	Water	Rate Case – Year 2*	\$2,632
	W-218, Sub 573	Wastewater	Rate Case – Year 2*	\$1,111
	W-218, Sub 573	Water	Rate Case – Year 3**	\$2,820
	W-218, Sub 573	Wastewater	Rate Case – Year 3**	\$1,310
Pennsylvania		Gas	Surcharge	\$20,887
	M-2023-3041386	Water	Surcharge	\$867
	M-2023-3041418	Wastewater	Surcharge	\$63
Total				\$47,327

*Rates effective 1/1/2024

**Rates effective 1/1/2025

Regulatory Activity Pending

As of August 7, 2023

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio	22-1094-WW-AIR	Water	Rate Case	\$9,364
	22-1096-ST-AIR	Wastewater	Rate Case	\$452
Texas	53428	Water	Surcharge	\$5,715
	53428	Wastewater	Surcharge	\$2,234
Kentucky	2022-00341	Gas	Surcharge	\$1,483
Virginia	To be determined	Water	Rate Case	\$5,215
	To be determined	Wastewater	Rate Case	\$1,696
Total				\$26,159

State by State Comparison

As of December 31, 2022

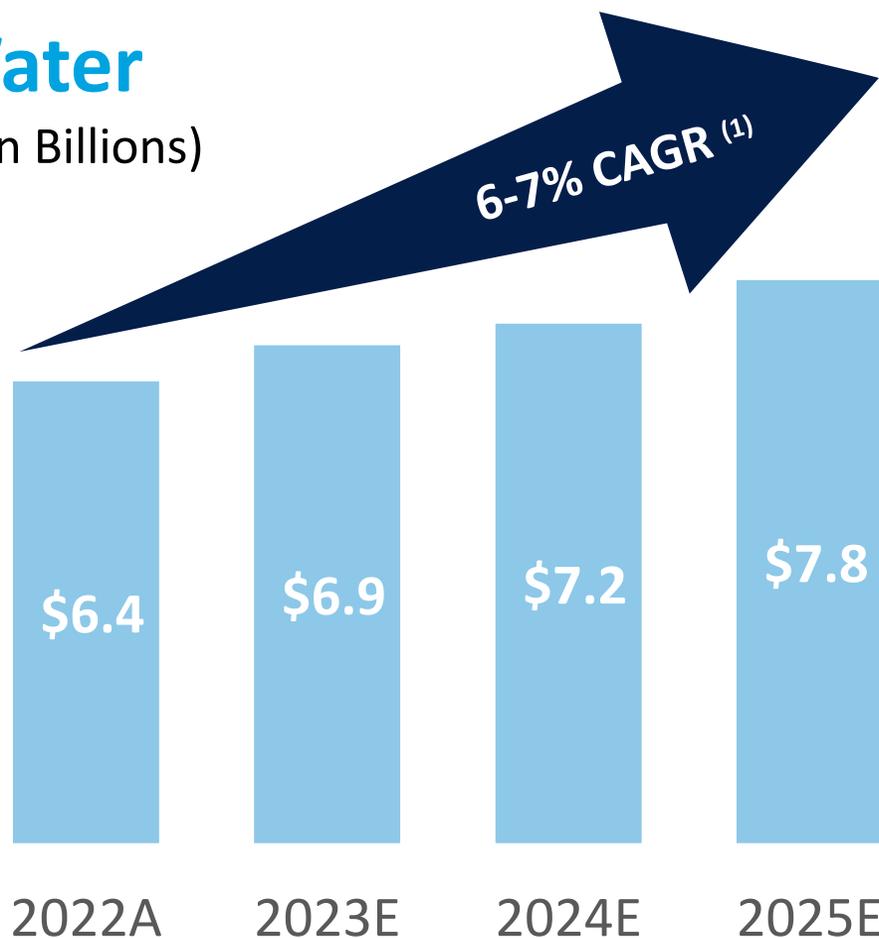
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$4,245,240	450,618	61,440	512,058
IL	\$485,191	68,834	23,605	92,439
OH	\$472,344	151,884	6,949	158,833
TX	\$451,354	72,817	22,273	95,090
NC	\$309,099	85,543	22,235	107,778
NJ	\$214,694	55,354	6,613	61,967
IN	\$110,546	1,431	30,293	31,724
VA	\$93,377	27,043	8,313	35,356
Total	\$6,381,846	913,524	181,721	1,095,245

State	Rate Base (\$000s)	Gas Connections
PA	\$2,737,318	702,862
KY	\$139,217	40,533
WV	\$29,970	12,946
Total	\$2,906,504	756,341

Maximizing Rate Base Growth Potential

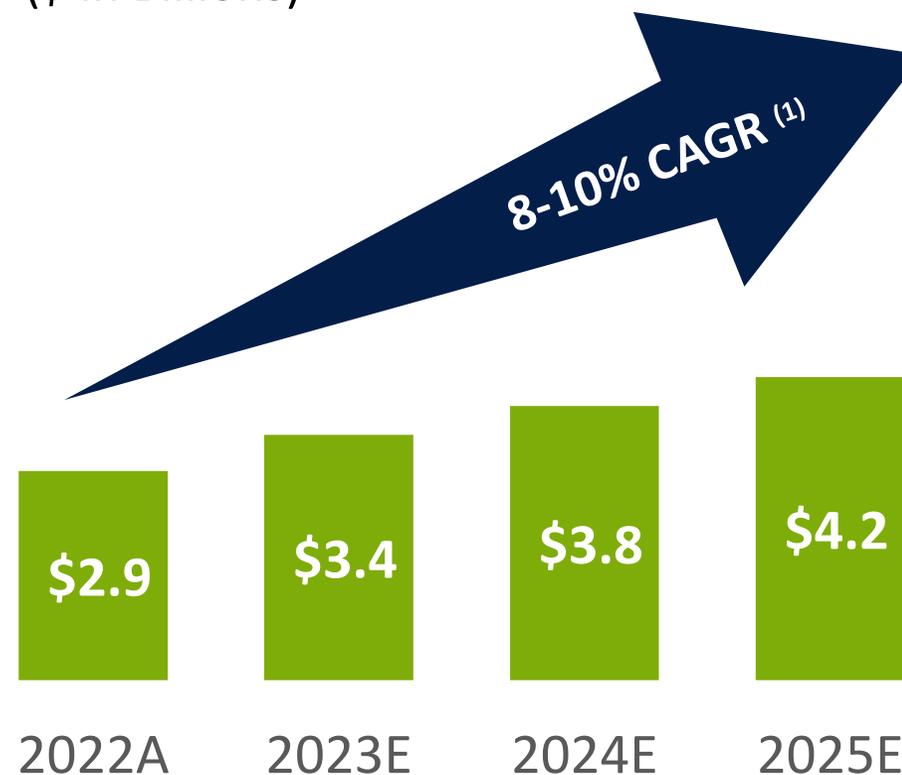
Water

(\$ in Billions)



Gas

(\$ in Billions)

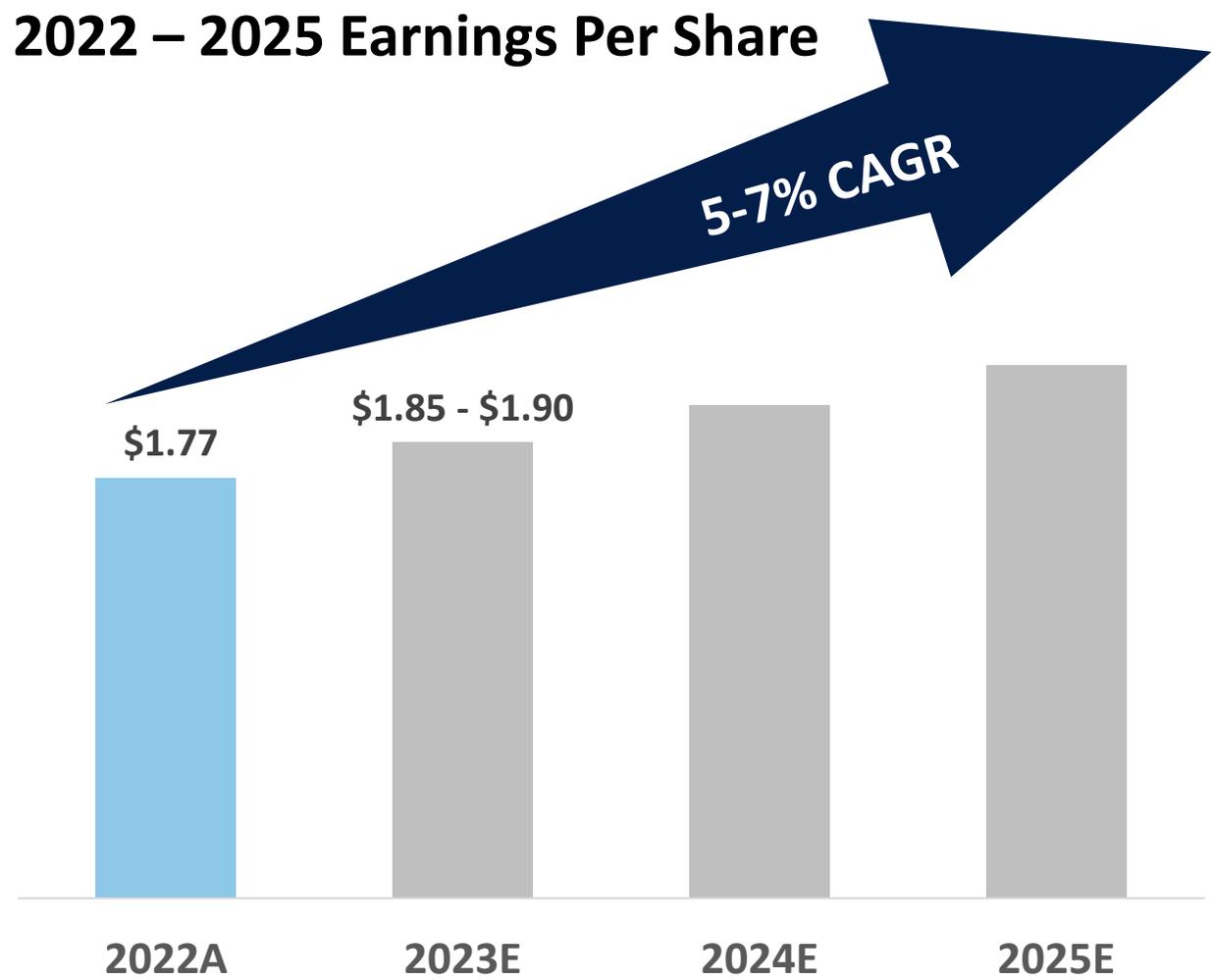


"A" denotes Actual
"E" denotes Estimate

(1) Includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2023 guidance was announced but does not include DELCORA prior to the second half of 2025 or other potential municipal acquisitions from the company's list of acquisition opportunities. Guidance also does not include any impact from the recently announced agreement to sell its West Virginia natural gas utility, which is expected to close later in 2023, as it is not expected to materially impact guidance

Earnings Guidance

2023 annual earnings per share guidance of \$1.85 to \$1.90



"A" denotes Actual
"E" denotes Estimate

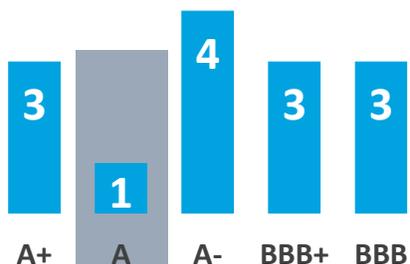
Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

Issuer	Issuance
A	A-
A	A+
A	A

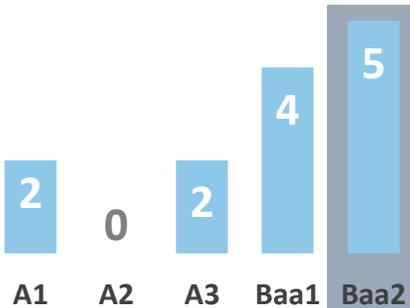
Peer Issuer Ratings⁽¹⁾



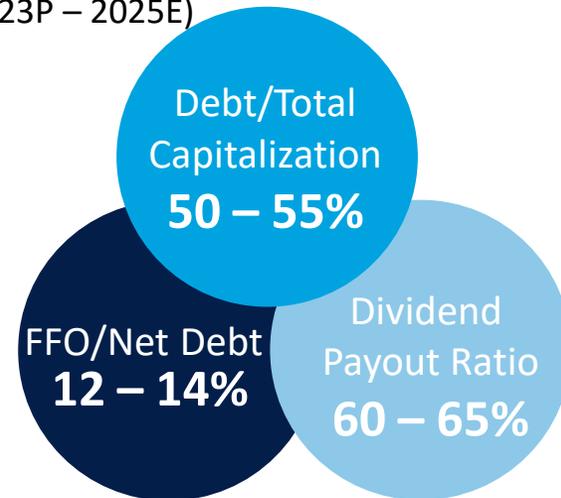
MOODY'S

Issuer	Issuance
Baa2	Baa2
--	--
Baa1	Baa1

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics (2023P – 2025E)



In order to maintain our credit metrics, achieve our 2023 capital investment plans, and support signed acquisitions in our municipal acquisition program, we expect to regularly be in the market for debt and equity. In July, we released new 2023 equity issuance guidance, where we announced that we expect to issue, subject to market conditions, approximately \$300 million in common stock in 2023, in addition to the equity raised earlier in the year through our at the market (ATM) program.

(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

"P" denotes Projected
"E" denotes Estimate