



Essential[™]
UTILITIES

EARNINGS CALL First Quarter 2022

May 9, 2022

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Welcome

Brian Dingerdissen

Vice President, Chief of Staff,
Investor Relations, and
Communications



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

**5.6%
Earnings
Growth to
\$0.76**

**Infrastructure
Investment
of
\$183.3M**

**One
Closed
Acquisition**

**Seven
Pending
Acquisitions ⁽¹⁾**

**Inaugural
H₂ Summit
and
Essential
Earth Day**

Essential Earth Day Impact

From March 22, 2022 (World Water Day) through April 22, 2022 (Earth Day)

Hosted 35 volunteer opportunities throughout all 10 states

Nearly 500 volunteers served nearly 2,000 volunteer hours

\$580,000 in financial donations to 28 nonprofit organizations with environmental mandates



Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q1 Financial Highlights

As of March 31, 2022

<i>In millions except per share</i>	Q1 2021	Q1 2022
Revenue	\$583.6	\$699.3
Operations and Maintenance Expense	\$125.1	\$142.6
Net Income (GAAP)	\$183.7	\$199.4
Net Income per Share (GAAP)	\$0.72	\$0.76

Revenues

- Regulated water segment of \$239.2M
- Regulated natural gas segment of \$445.2M, including gas costs of \$217.3M

O&M

- Employee-related expenses were the main driver for the quarter
- Customer Assistance Program expenses for the gas segment are recovered through a revenue surcharge

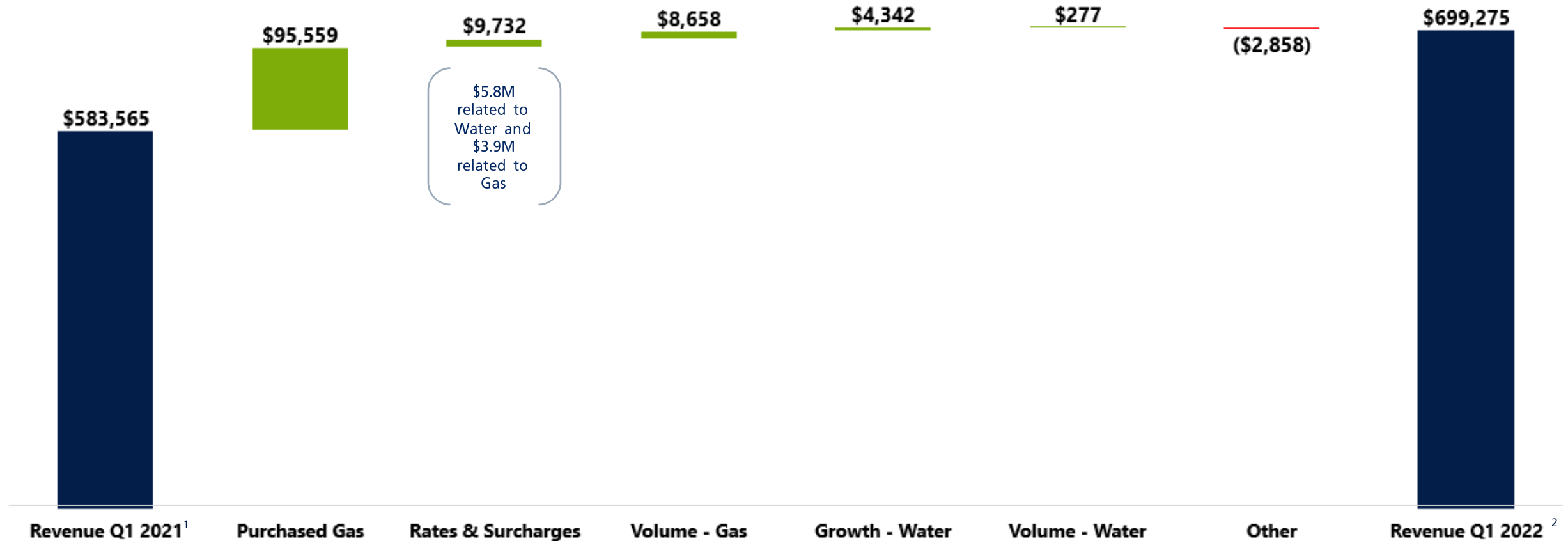
Other

- Acquired Lower Makefield, adding approximately 11,000 customers and \$53M of rate base

Operating Revenues

Q1 2022 vs. Q1 2021

Change in Operating Revenues (thousands)



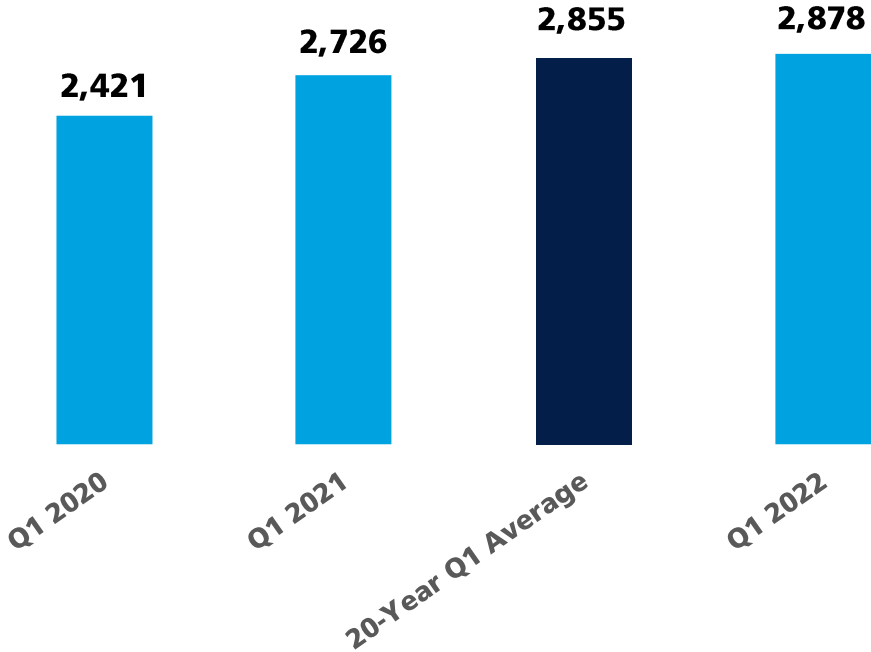
¹ Includes \$132,153 of purchased gas.

² Includes \$227,712 of purchased gas.

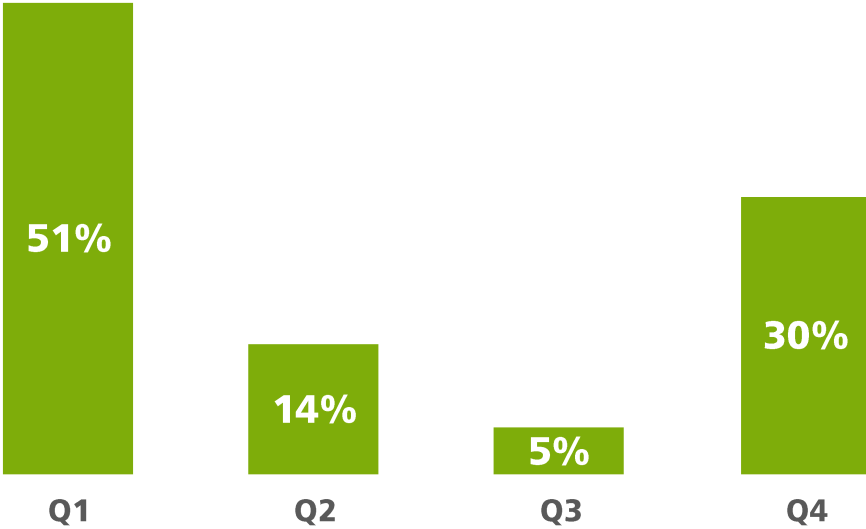
Q1 2022 Heating Degree Days

Weather drives natural gas consumption and revenue is impacted by heating degree days. A heating degree day (HDD) is a measurement designed to quantify the demand for energy needed to heat a building. It is the number of degrees that a day's average temperature is below 65 degrees Fahrenheit.

First Quarter Heating Degree Days



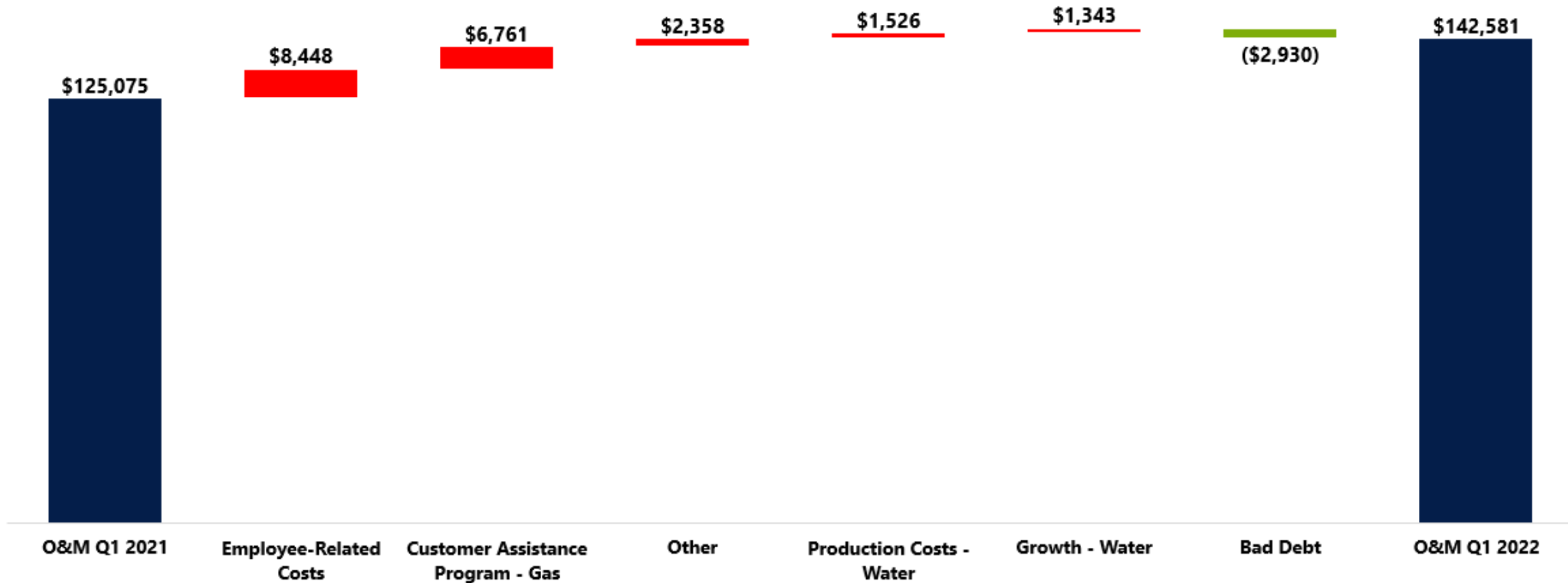
Peoples Residential Gas Consumption 2021



Operations & Maintenance Expenses

Q1 2022 vs. Q1 2021

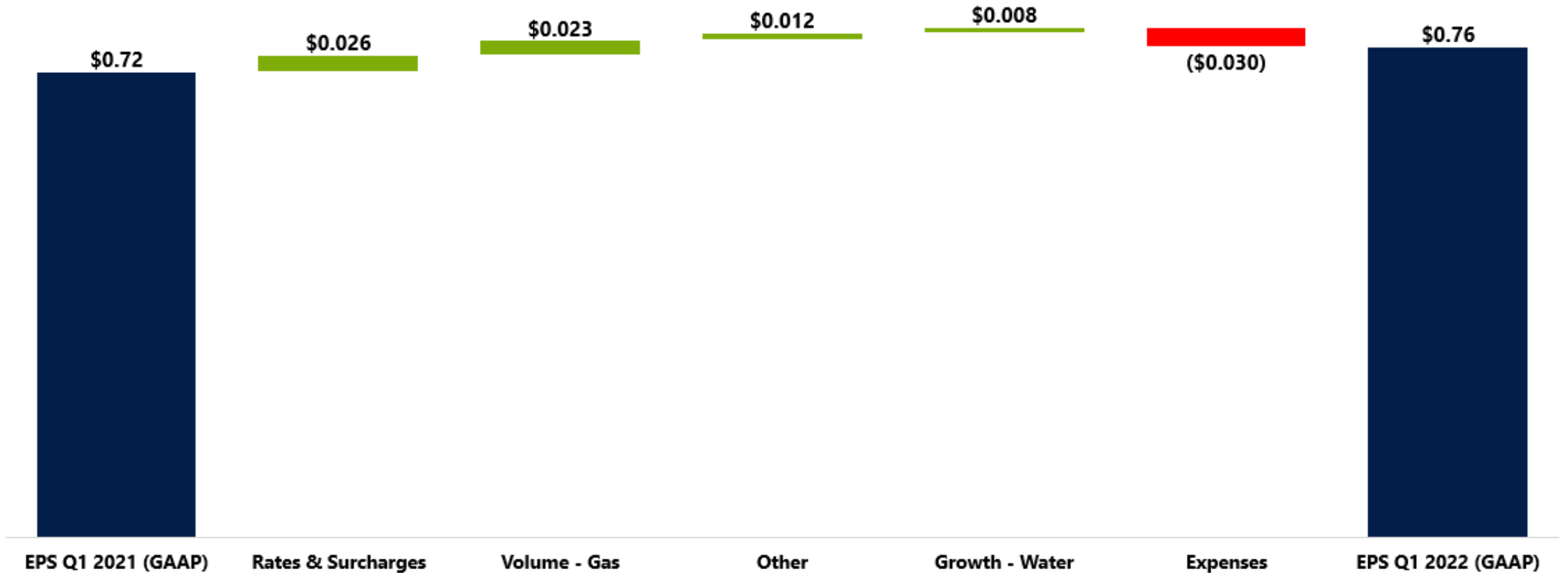
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

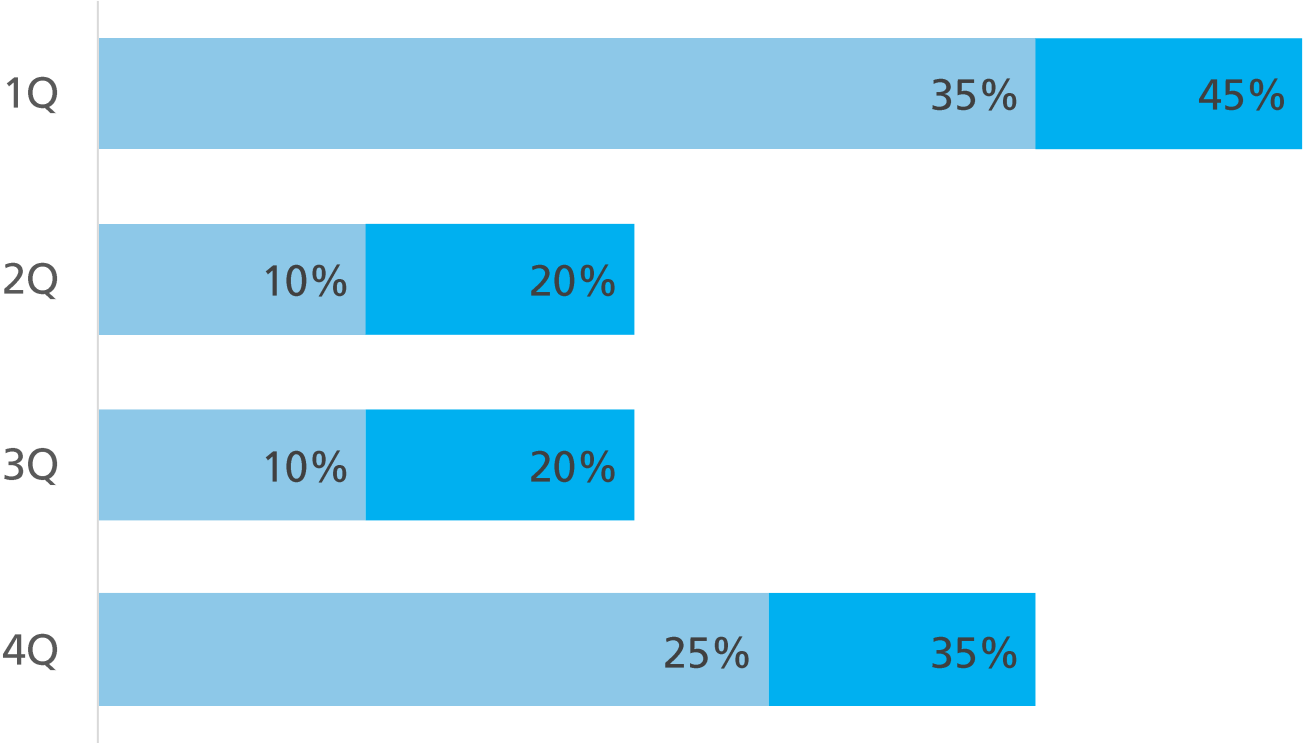
Q1 2022 vs. Q1 2021

Change in Earnings Per Share



Earnings Weighted to 1Q, 4Q

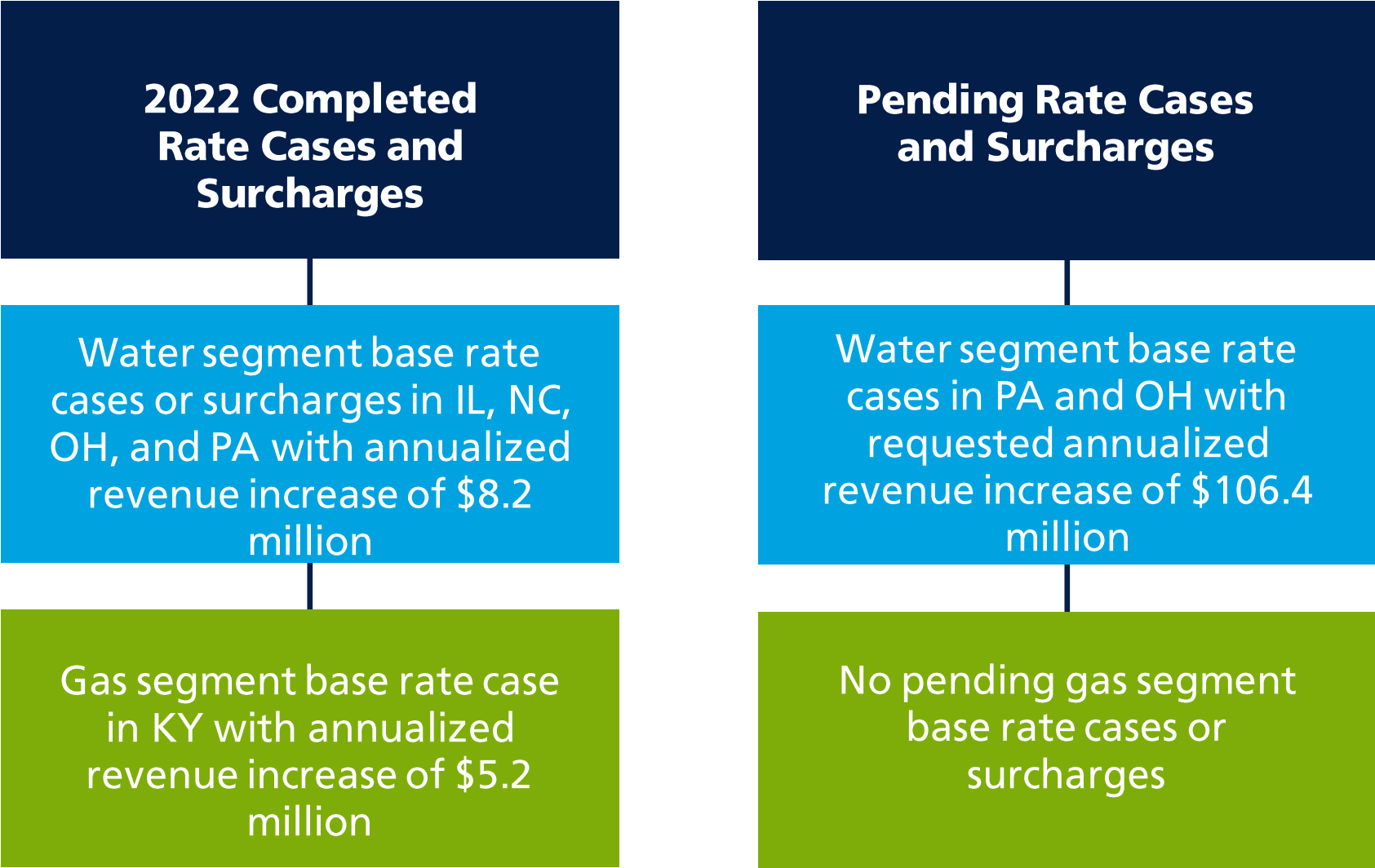
Approximate Net Income By Quarter



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

Rate Activity

As of 05/08/2022



Acquisition Update and 2022 Guidance

Chris Franklin

Chairman, Chief Executive Officer,
and President



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

PA

DELCORA

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

PA

East Whiteland

- Wastewater
- 8,175 customers⁽²⁾
- \$54.9M purchase price

PA

Willistown

- Wastewater
- 2,300 customers⁽²⁾
- \$17.5M purchase price

IL

Oak Brook

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

PA

Shenandoah

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

PA

Beaver Falls

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

TX

Southern Oaks

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

223,815⁽²⁾ Total Customers

\$418M Total Purchase Price

Active Municipal Opportunities

Size Range
(Approx. # of Customers)

>25,000

10,000-25,000

<10,000

Total Customers
(Approx. # of Customers)

175,000

166,000

74,000

415,000

Total Customers

We are actively pursuing acquisition opportunities in most of our states, totaling approximately 415,000 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.

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 First Quarter 2022
Conference Call**



Second Quarter 2022 Earnings
Conference Call and Webcast

Thursday, August 4, 2022

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For more information contact:



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Appendix



2022 Rates and Surcharges Completed

As of 05/08/2022

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
North Carolina	W-218, Sub 526A	Water	Surcharge	\$545
	W-218, Sub 526A	Wastewater	Surcharge	\$166
Kentucky	2021-00185	Gas	Rate Case	5,238
Illinois	N/A	Water	Surcharge	\$1,533
	N/A	Wastewater	Surcharge	\$160
			Total	\$13,405

Rates and Surcharges Pending

As of 05/08/2022

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
Pennsylvania	R-2021-3027385	Water	Rate Case	\$86,119
	R-2021-3027386	Wastewater	Rate Case	\$11,566
Total				\$106,429

State by State Comparison

As of December 31, 2021

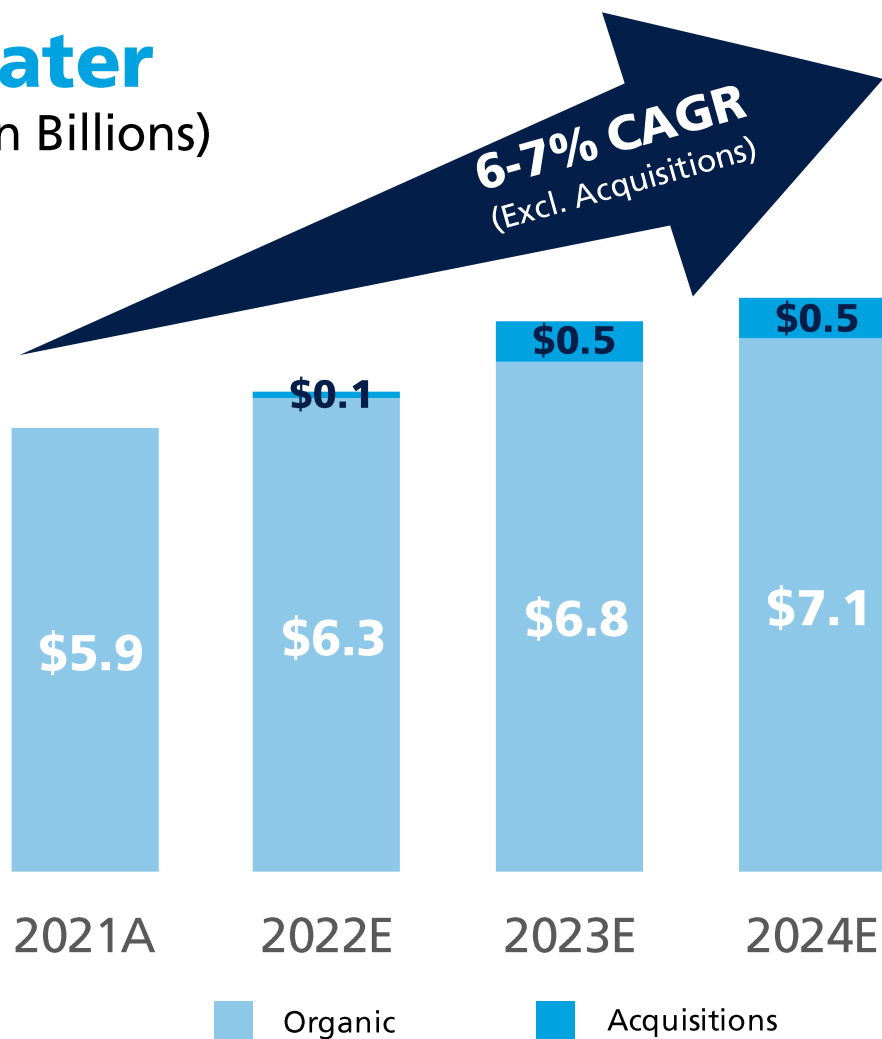
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$3,936,496	447,726	45,572	493,298
IL	\$437,697	66,670	23,578	90,248
OH	\$430,046	151,221	6,950	158,171
TX	\$420,570	71,029	20,632	91,661
NC	\$274,135	84,452	21,527	105,979
NJ	\$212,911	55,009	6,505	61,514
IN	\$100,789	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

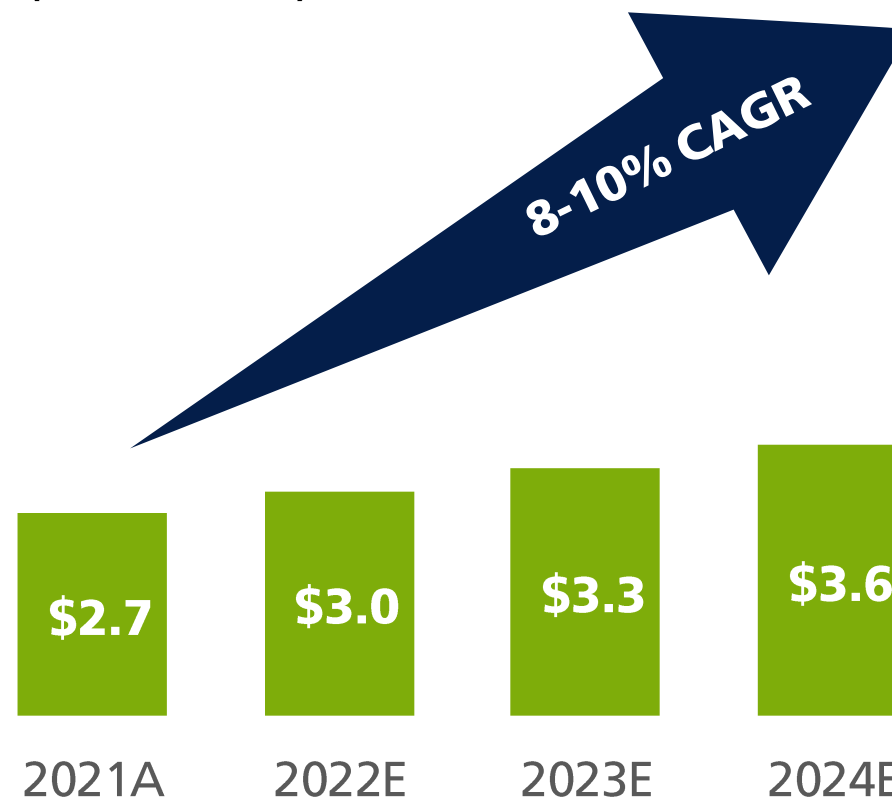
Water

(\$ in Billions)



Gas

(\$ in Billions)



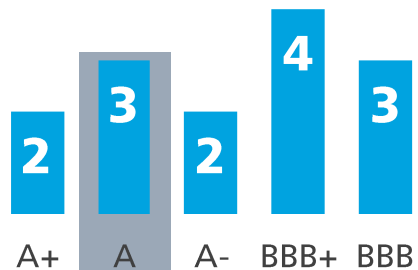
Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

Issuer	Issuance
A	A-
A	A+
A	A

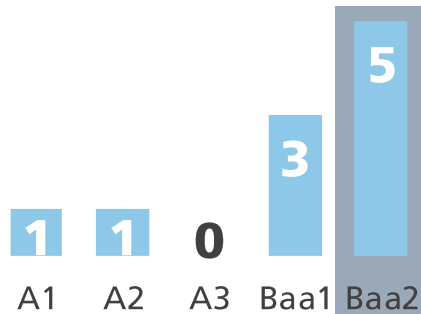
Peer Issuer Ratings⁽¹⁾



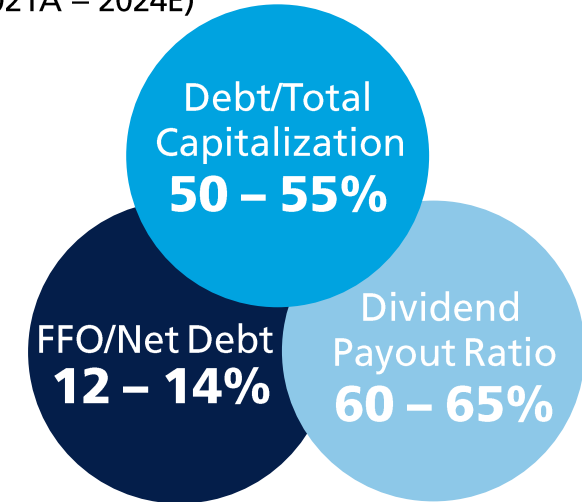
MOODY'S

Issuer	Issuance
Baa2	Baa2
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Baa1	Baa1

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics (2021A – 2024E)



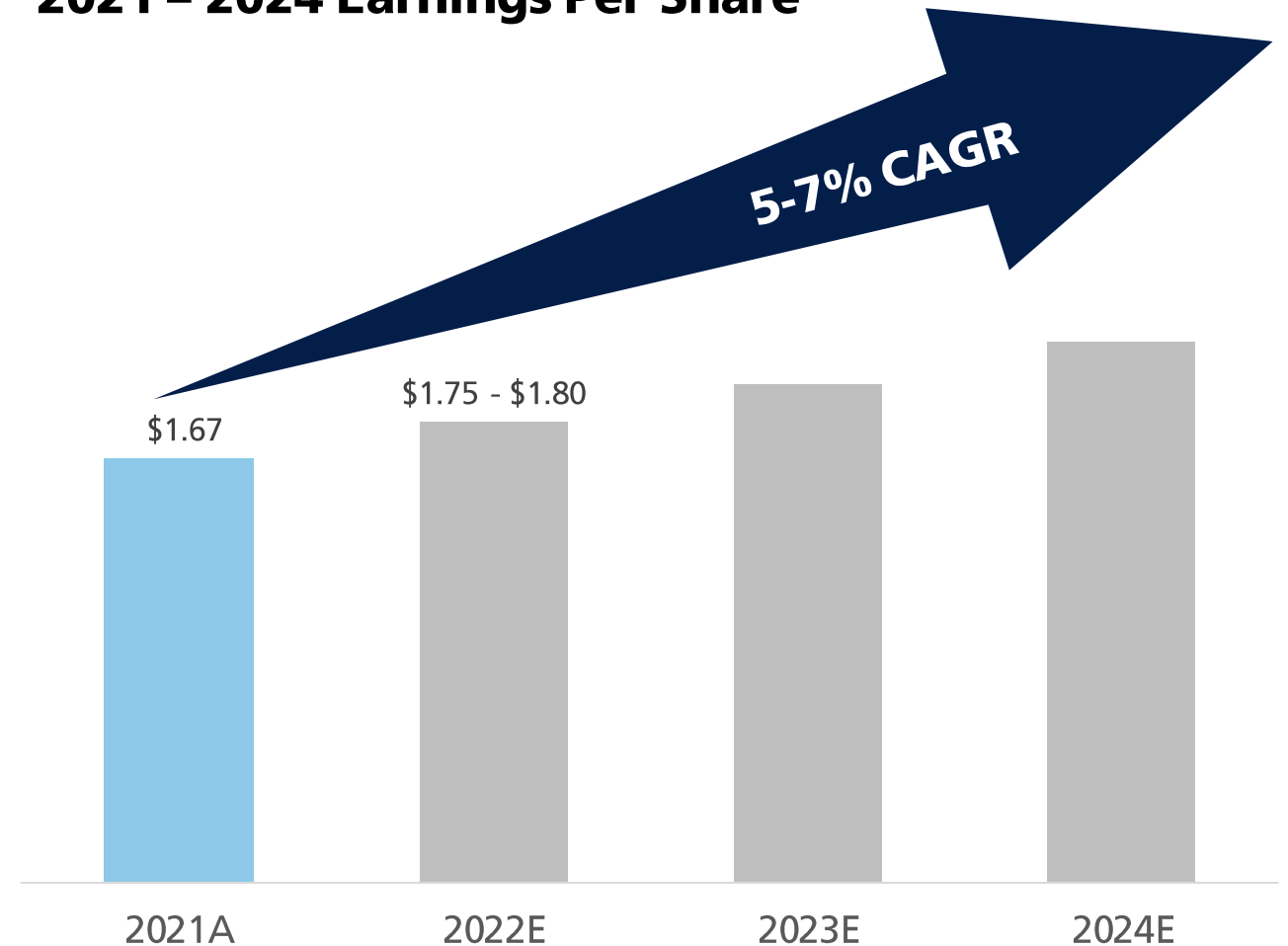
In order to maintain our credit metrics and achieve our investment and acquisition goals, we will regularly be in the market for debt and equity.

(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

Dividend Growth Targeted In Line with EPS

Dividends Per Share (Annualized)

