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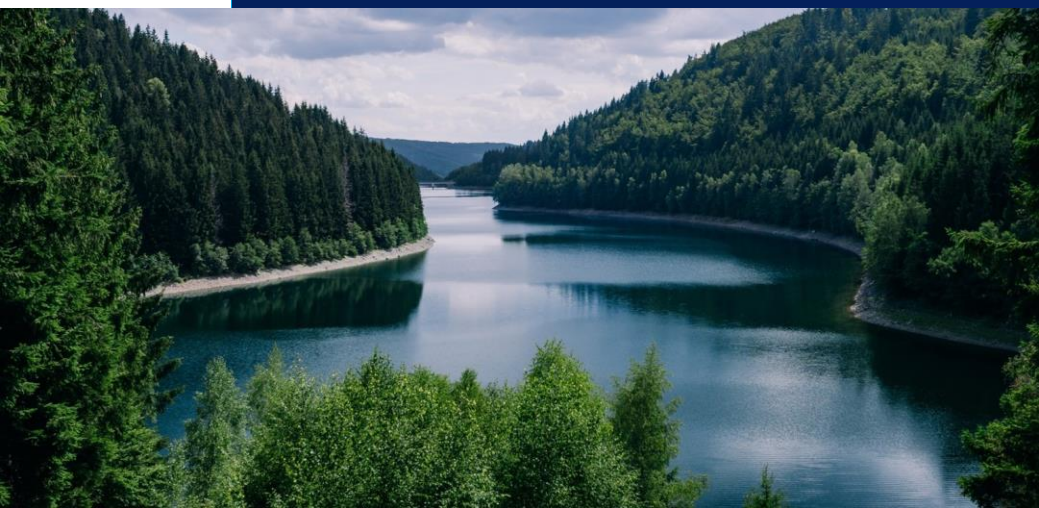
WTRG



Essential™

# Second Quarter 2024

August 6<sup>th</sup>, 2024





# Brian Dingerdissen

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Vice President, Investor  
Relations and Treasury

# 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](http://www.essential.co)





# Christopher Franklin

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Chairman and Chief  
Executive Officer

# Corporate Updates

**\$0.28 Earnings**  
Per Share

**6% Dividend  
Increase**  
79<sup>th</sup> Consecutive Years  
of Dividend Payments

**PA PUC FMV**  
Reform Completed

Progress on Key  
**Regulatory  
Priorities**

Infrastructure  
Investment of  
**\$548.9M**  
Year to Date

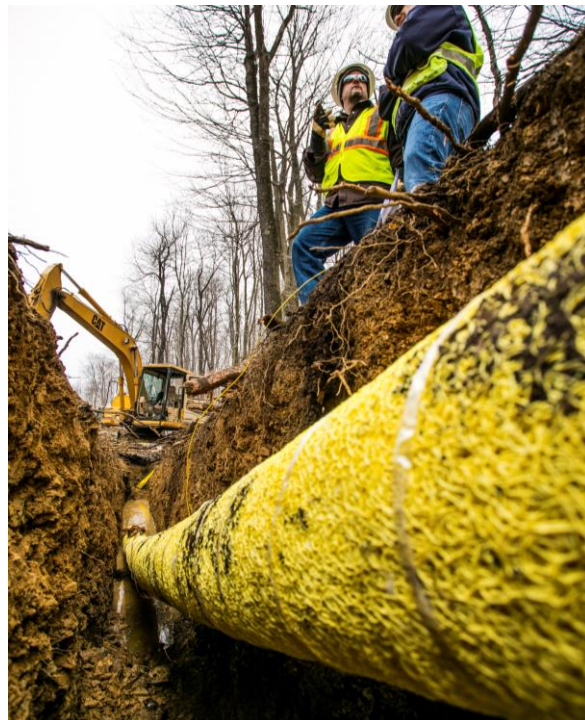
Company awarded  
**\$77.5M in  
Low-Interest  
Loans** in PA

**\$4B+ Toward  
Critical  
Infrastructure  
Enhancements  
since 2020**



**PFAS  
Research and  
State-of-the-art  
Remediation  
Solutions**

# Execution of Infrastructure Investment



**Over 300 Miles  
to be Replaced  
in 2024**







# Daniel Schuller

—  
EVP,  
Chief Financial Officer

# Q2 Financial Highlights

As of June 30, 2024

(\$ in millions, except per share data)	Q2 2023	Q2 2024
Operating Revenues	\$436.7	\$434.4
Purchased Gas	\$41.9	\$33.7
Operations and Maintenance Expense	\$133.5	\$142.5
Operating Income	\$155.3	\$145.3
Net Income	\$91.3	\$75.4
Net Income per Share	\$0.34	\$0.28

## Revenues

- Lower purchased gas costs and lower regulated natural gas segment and water segment volumes were the primary contributors to the decrease in revenues for the quarter, which were offset by additional revenues from regulatory recoveries and customer growth from the regulated water segment.

## O&M

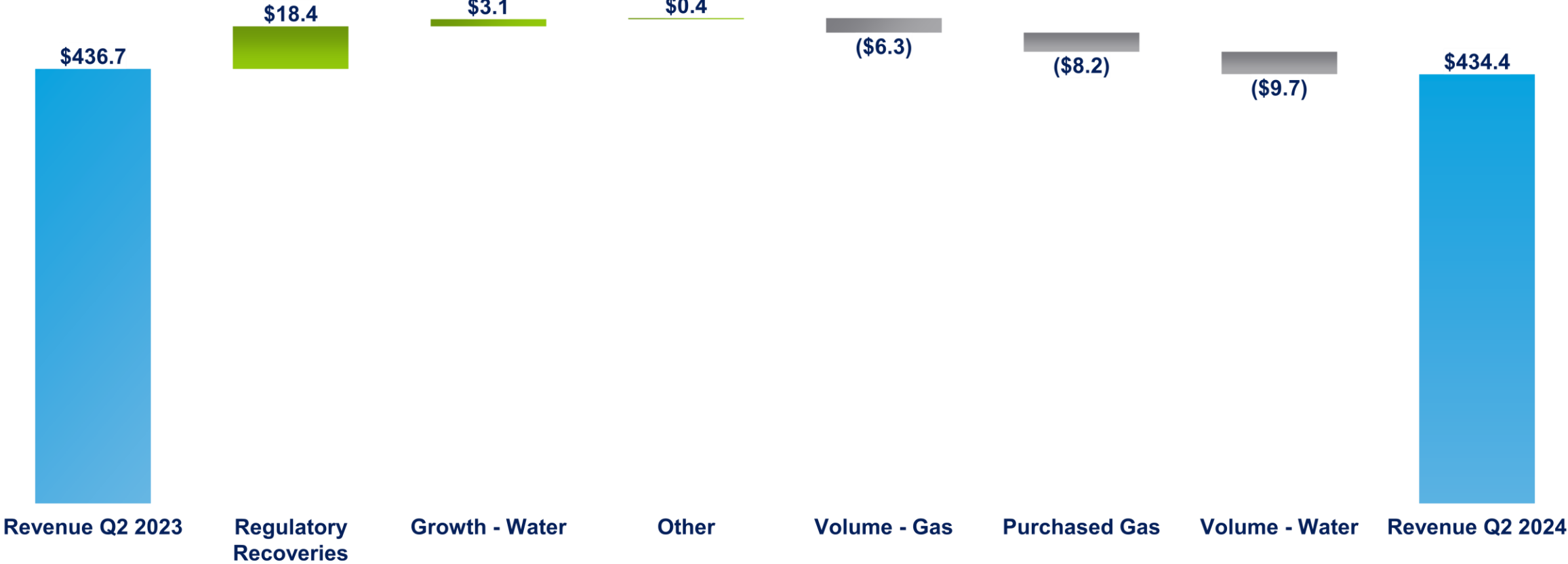
- Increases in other items and the gas customer rider were the main drivers for the quarter, as well as expenses related to added acquisitions and employee-related costs; offset by lower bad debt expense.



# Operating Revenues

Q2 2024 vs. Q2 2023

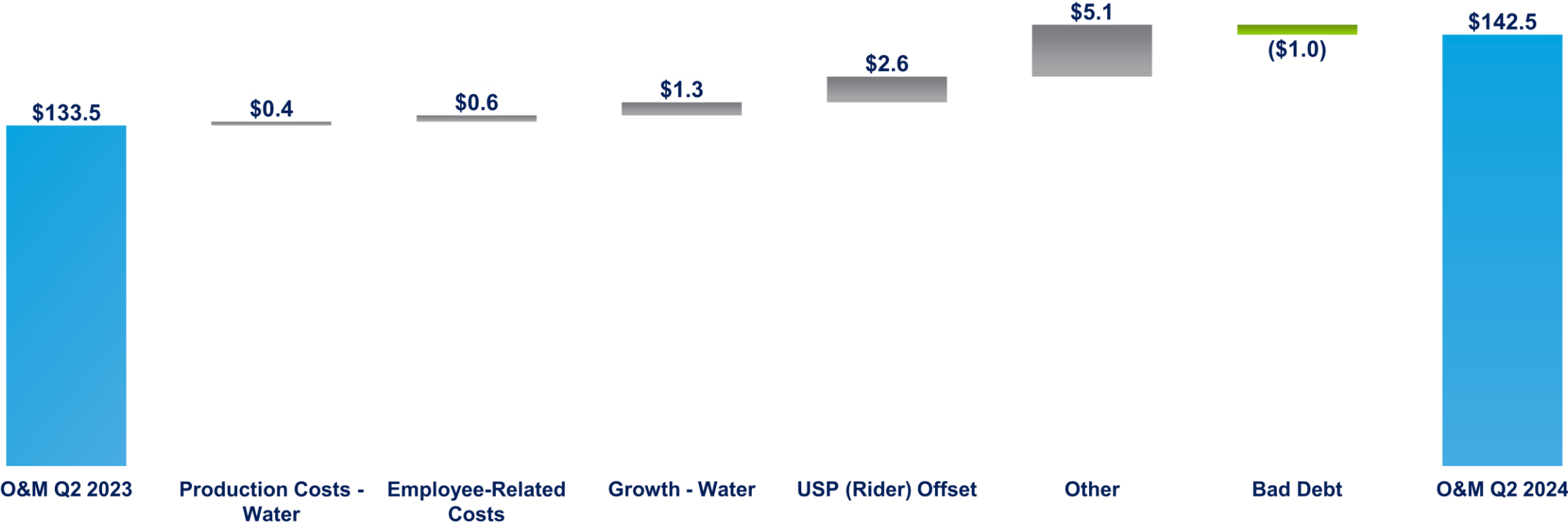
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

Q2 2024 vs. Q2 2023

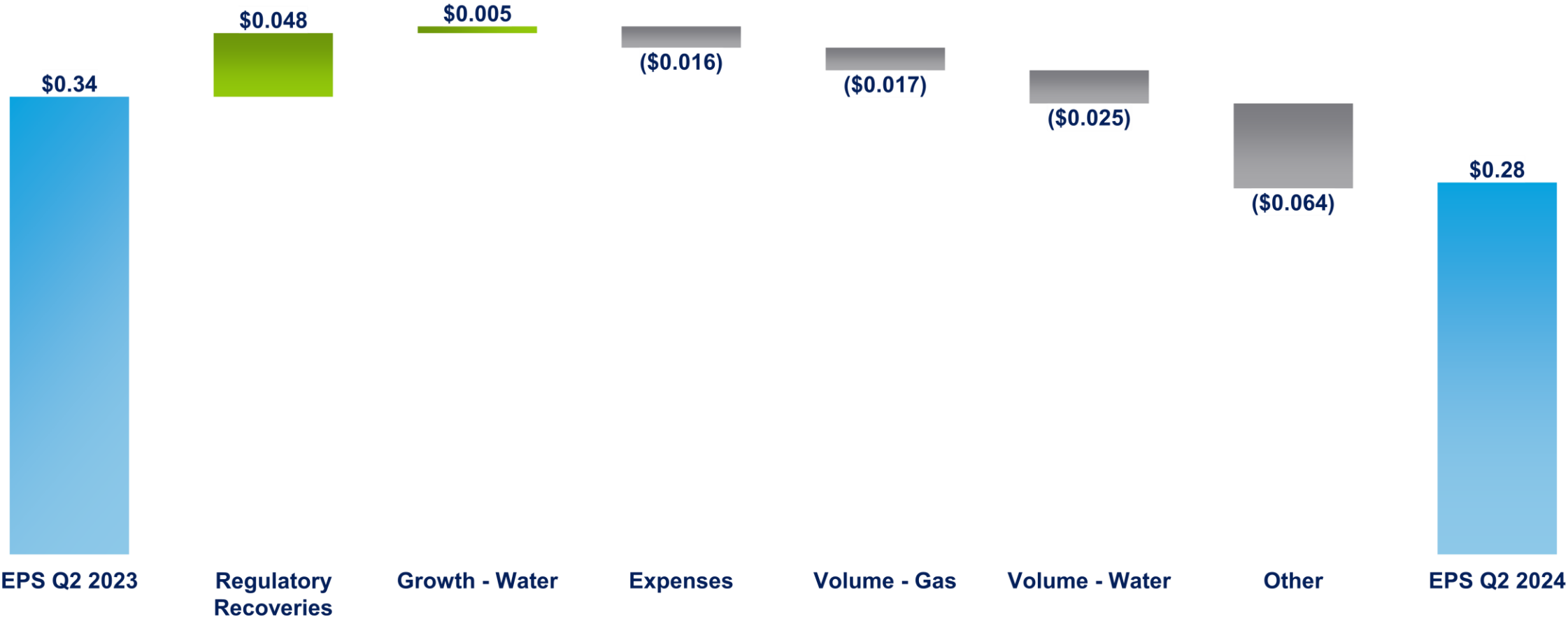
Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

Q2 2024 vs. Q2 2023

## Change in Earnings Per Share





# Regulatory Activity

As of August 6, 2024

## 2024 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NC, OH and PA with annualized revenue increase of \$25.8 million

Gas segment surcharges in KY and PA with annualized revenue increase of \$2.0 million

## PENDING REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NJ, PA, TX and VA with requested annualized revenue increase of \$169.9 million

Gas segment base rate case in PA with requested annualized revenue increase of \$156.0 million



# Christopher Franklin

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Chairman and Chief  
Executive Officer

# Pending Transactions

~\$385M of Pending Rate Base is Expected to Generate ~\$19M of Incremental Annual Earnings Potential<sup>(1)</sup>

Over 215,000<sup>(2)</sup>  
Total Customers

~\$385.0M

Total Purchase Price

Excluding DELCORA,  
~\$100.0M of purchase price  
in the regulatory  
approval process

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



### DELCORA

- Wastewater
- 198,000 customers<sup>(2)</sup>
- \$276.5M purchase price



### BEAVER FALLS

- Wastewater
- 7,600 customers<sup>(2)</sup>
- \$41.25M purchase price



### GREENVILLE

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



### GREENVILLE

- Water
- 3,000 customers
- \$18.0M purchase price



### NORTH VERSAILLES

- Wastewater
- 4,400 customers
- \$30.0M purchase price<sup>(3)</sup>



### DRIL-QUIP<sup>(4)</sup>

- Water / Wastewater
- 380 customers<sup>(2)</sup>
- \$1.1M purchase price

1) This is an illustrative earnings assumption based on an assumed 50% debt / 50% equity capital structure and a hypothetical 10% allowed return on equity.  
2) Essential's estimate of the number of equivalent dwelling units.  
3) Subject to evaluation adjustment.  
4) Dril-Quip is a privately owned utility.



# Guidance Outlook

<h2>Growth Targets</h2>	FY 2024 net income per diluted common share target of <b>\$1.96 - \$2.00<sup>(1)</sup></b>	Regulated utility rate base <b>CAGR of 8%</b> through 2028	<b>\$1.3 to \$1.4B</b> infrastructure investment for 2024	Infrastructure investments of <b>~\$7.2B</b> , weighted towards regulated water through 2028
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<h2>Aqua Targets</h2>	Segment rate base <b>CAGR of approximately 8%</b> through 2028		Segment customer base <b>annual growth rate of between 2 and 3%</b> over the long-term
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<h2>Peoples Targets</h2>	Segment rate base <b>CAGR of approximately 10%</b> through 2028		Segment customer base <b>expected to be stable</b> through 2024
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1) As published during YE 2023 Earnings Call in February 2024. We anticipate exceeding this 2024 guidance as a result of the gain on sale of the energy plant assets, despite the warmer-than-normal weather that resulted in lower regulated natural gas operating revenues year-to-date.



An aerial photograph of a serene lake surrounded by a thick forest of evergreen trees. The water is a clear, vibrant blue-green color, reflecting the surrounding greenery. The forest is dense and covers the entire shoreline, with some trees appearing taller and more mature than others. The overall scene is peaceful and natural.

# Questions



# For More Information Contact:



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Investor Relations**

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# Appendix

# Year to Date Financial Highlights

As of June 30, 2024

(\$ in millions, except per share data)	YTD 2023	YTD 2024
<b>Operating Revenues</b>	\$1,163.2	\$1,046.5
<b>Purchased Gas</b>	\$298.2	\$163.4
<b>Operations and Maintenance Expense</b>	\$271.5	\$279.4
<b>Operating Income</b>	\$380.7	\$376.0
<b>Net Income</b>	\$282.7	\$341.2
<b>Net Income per Share</b>	\$1.07	\$1.25

## Revenues

- Lower purchased gas costs and lower regulated natural gas segment and water segment volumes were the primary contributors to the decrease in revenues, which were offset by additional revenues from regulatory recoveries and customer growth from the regulated water segment.

## O&M

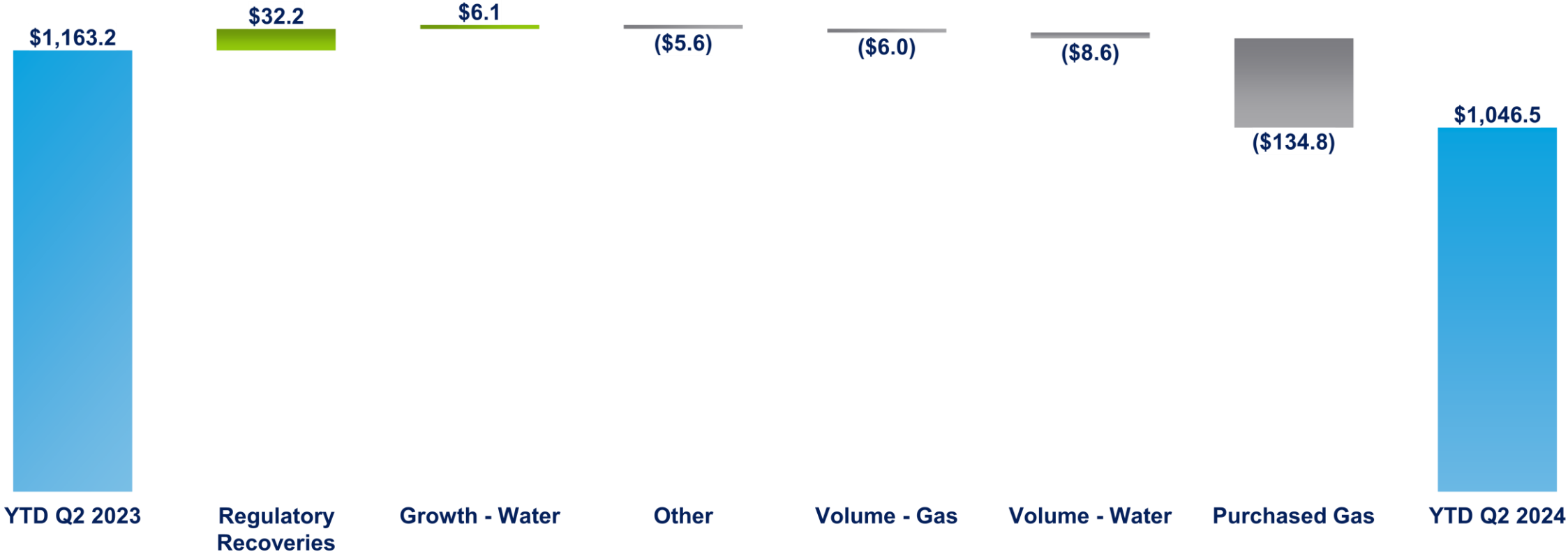
- Increases in higher water production costs, employee-related cost, expenses related to added acquisitions and bad debt expense were the main drivers to the increase in O&M, which were offset by decreases in other items and the gas customer rider.



# Operating Revenues

YTD June 30, 2024 vs. YTD June 30, 2023

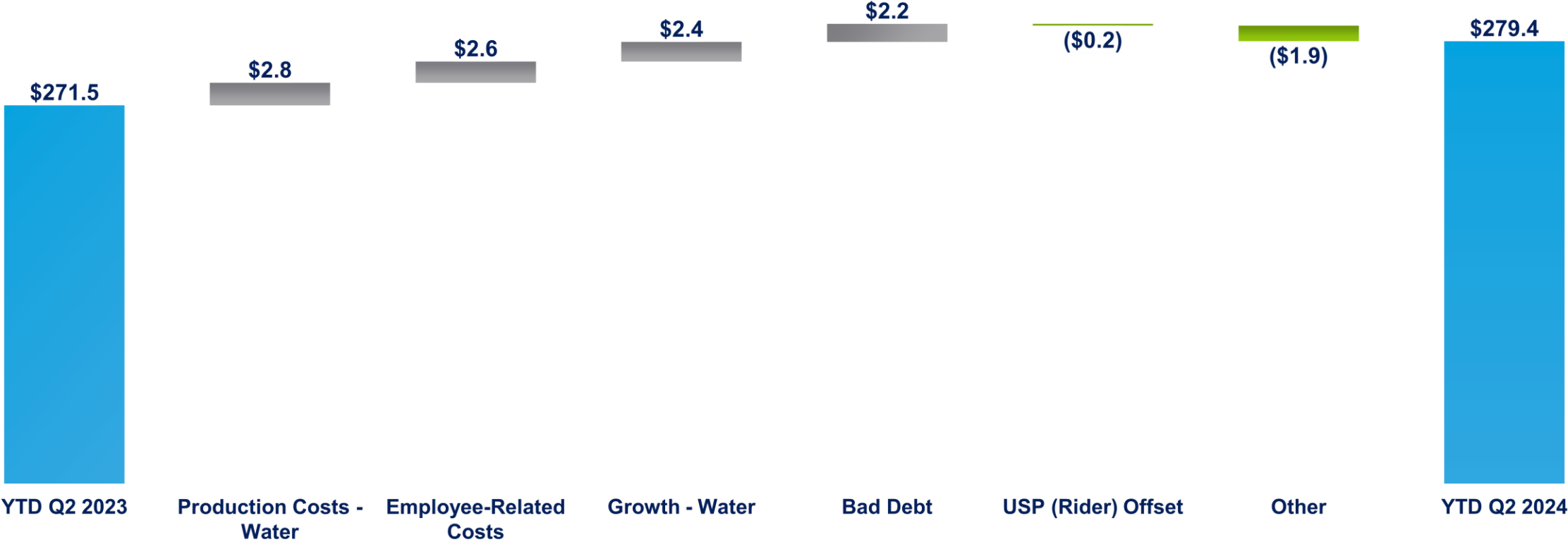
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

YTD June 30, 2024 vs. YTD June 30, 2023

Change in Operations & Maintenance Expense (millions)

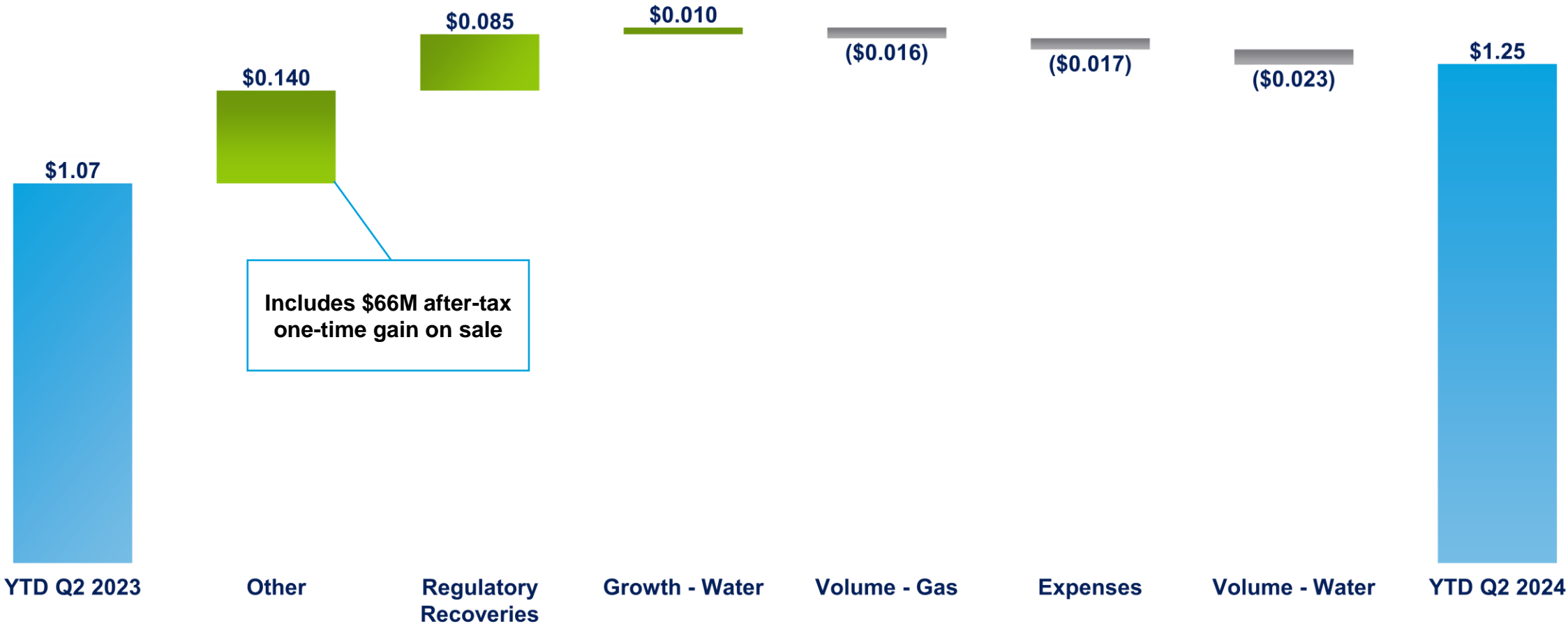




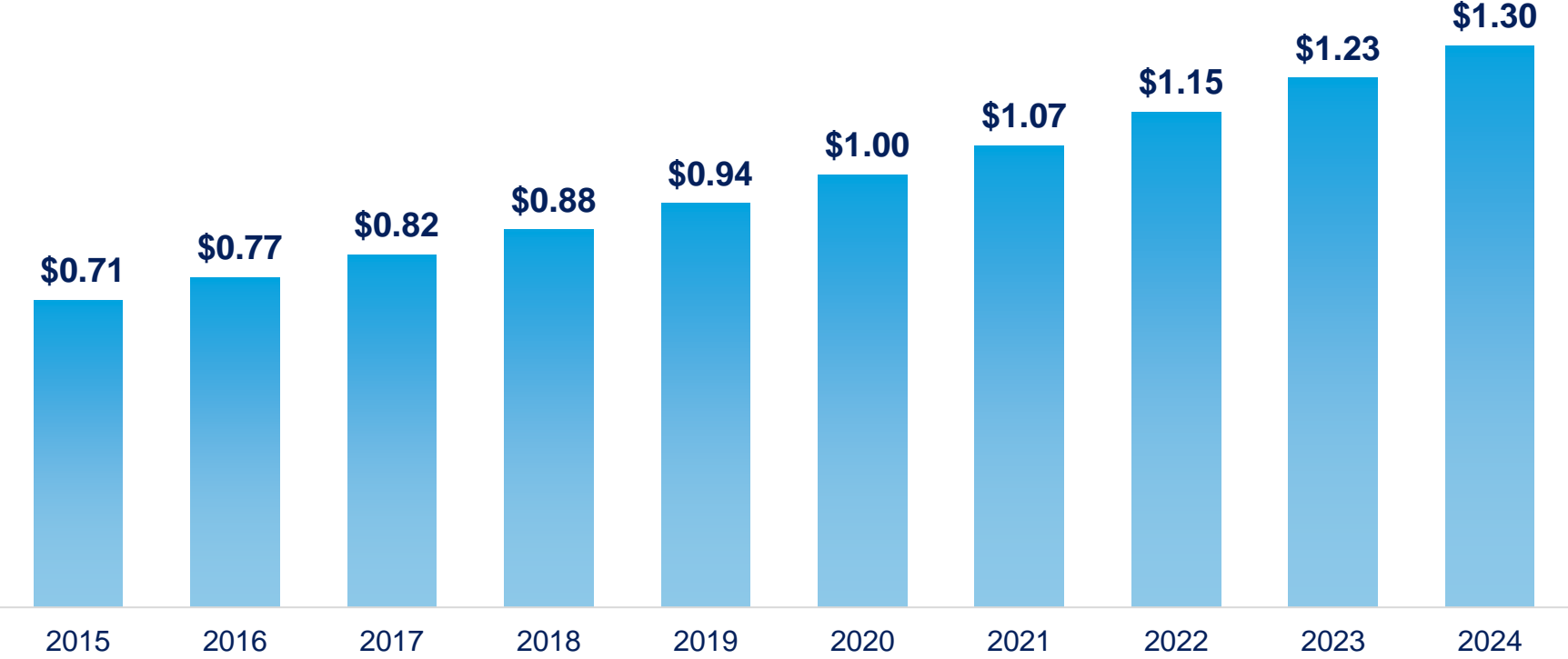
# Earnings per Common Share

YTD June 30, 2024 vs. YTD June 30, 2023

## Change in Earnings Per Share



# Dividend Growth History



Long-term track record of dividend growth **with 34 dividend increases** in the last 33 years

# 2024 Regulatory Activity Completed

As of August 6, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$2,127
North Carolina	W-218, Sub 573	Water	Rate Case – Year 2	\$2,632
	W-218, Sub 573	Wastewater	Rate Case – Year 2	\$1,111
Pennsylvania		Gas	Surcharge	\$(256)
	M-2023-3045036	Water	Surcharge	\$14,529
	M-2023-3045037	Wastewater	Surcharge	\$871
Illinois		Water	Surcharge	\$3,320
		Wastewater	Surcharge	\$1,260
Kentucky	2023-00343	Gas	Surcharge	\$2,293
			<b>Total</b>	<b>\$27,887</b>

# Regulatory Activity Pending

As of August 6, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Illinois	22-0044	Water	Rate Case	\$10,741
	22-0044	Wastewater	Rate Case	\$8,455
Virginia	PUR-2023-00073	Water	Rate Case	\$5,215
	PUR-2023-00073	Wastewater	Rate Case	\$1,696
New Jersey		Water	Rate Case	\$8,328
Pennsylvania	R-2023-3044549	Gas	Rate Case	\$156,024
	R-2024-3047822	Water	Rate Case	\$112,048
	R-2024-3047824	Wastewater	Rate Case	\$14,627
Texas		Water	Surcharge	\$4,688
		Wastewater	Surcharge	\$4,111
			<b>Total</b>	<b>\$325,933</b>



# State by State Comparison of Services

As of December 31, 2023

State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$4,401,939	456,018	62,161	518,179
IL	\$529,015	69,722	24,408	94,130
OH	\$520,738	152,788	11,306	164,094
TX	\$558,134	74,088	23,454	97,542
NC	\$363,285	86,504	22,869	109,373
NJ	\$259,339	55,775	6,779	62,554
IN	\$130,699	1,448	30,749	32,197
VA	\$115,891	27,253	8,393	35,646
<b>TOTAL</b>	<b>\$6,879,040</b>	<b>923,596</b>	<b>190,119</b>	<b>1,113,715</b>

State	Rate Base (\$000s)	Total Customers
PA	\$3,337,468	703,257
KY	\$192,327	40,489
<b>TOTAL</b>	<b>\$3,529,795</b>	<b>743,746</b>

# Healthy Balance Sheet Supports Equity Requirements

## STABLE CREDIT RATINGS

MOODY'S

**Baa2** Issuer    **Baa2** Issuance

**S&P Global**  
Ratings

**A-** Issuer    **BBB+** Issuance

## SELECT CREDIT TARGETS

DEBT-TO-CAPITAL RATIO  
**50-55%**

DIVIDEND PAYOUT RATIO  
**60-65%**

FFO/NET DEBT RATIO  
**12-14%**

## RAISING EQUITY TO SUPPORT LONG-TERM GOALS

To support long-term targets, Essential expects to raise

**\$250M**

through an ATM program in 2024