



Essential[™]
UTILITIES

EARNINGS CALL Third Quarter 2021

November 1, 2021

NYSE
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WTRG

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

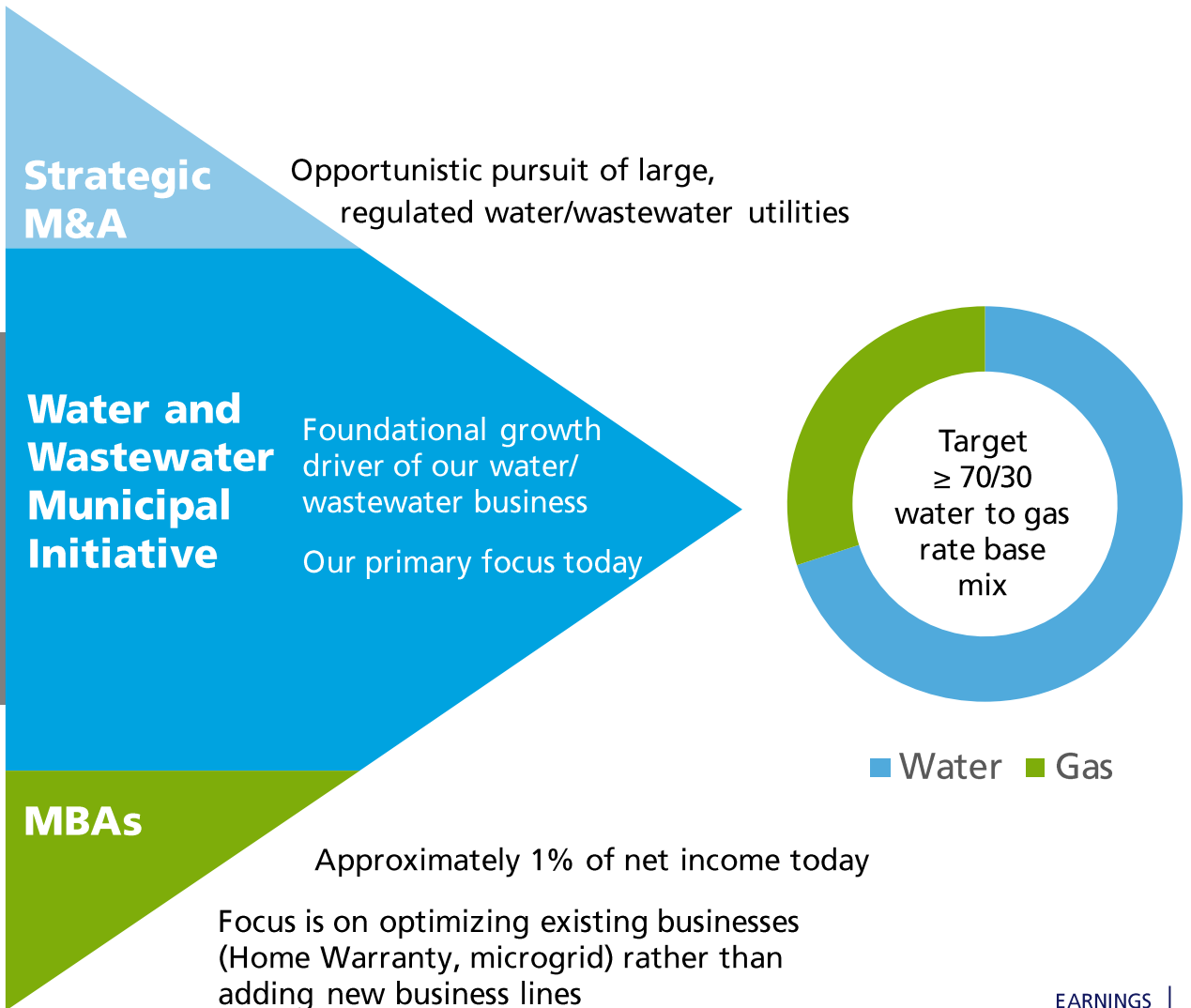
Chairman, Chief Executive Officer,
and President



Strategy for Continued Growth

CORE COMPETENCIES

- Infrastructure Investment**
(pipes, plants, etc.)
- Regulatory Affairs**
- Operational Excellence**



Corporate Highlights

**Infrastructure
Investment of
\$675.8M**

**Filed Aqua
Pennsylvania
Rate Case**

**7
Pending
Acquisitions⁽¹⁾**

**Closed
Village of
Bourbonnais**

**Signed
Agreement for
Beaver Falls**

**Continued
Recognition
for ESG Efforts**

Remnants of Hurricane Ida

Pickering Water Treatment Complex

- Located in Southeastern Pennsylvania service territory
- 2 Plants: Pickering West & Pickering East
- Over 55 Million Gallons Daily Capacity Combined
- Serves approximately 375,000 water customers



Remnants of Hurricane Ida



Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q3 Financial Highlights

As of September 30, 2021

<i>In millions except per share</i>	Q3 2020	Q3 2021
Revenue	\$348.6	\$361.9
Operations and Maintenance Expense	\$136.2	\$139.4
Net Income	\$55.7	\$50.5
Net Income per Share	\$0.22	\$0.19

Revenues

- Regulated water segment of \$259.9M
- Regulated natural gas segment of \$94.8M, including gas costs of \$20.4M

O&M

- Employee-related expenses were the main driver for the quarter

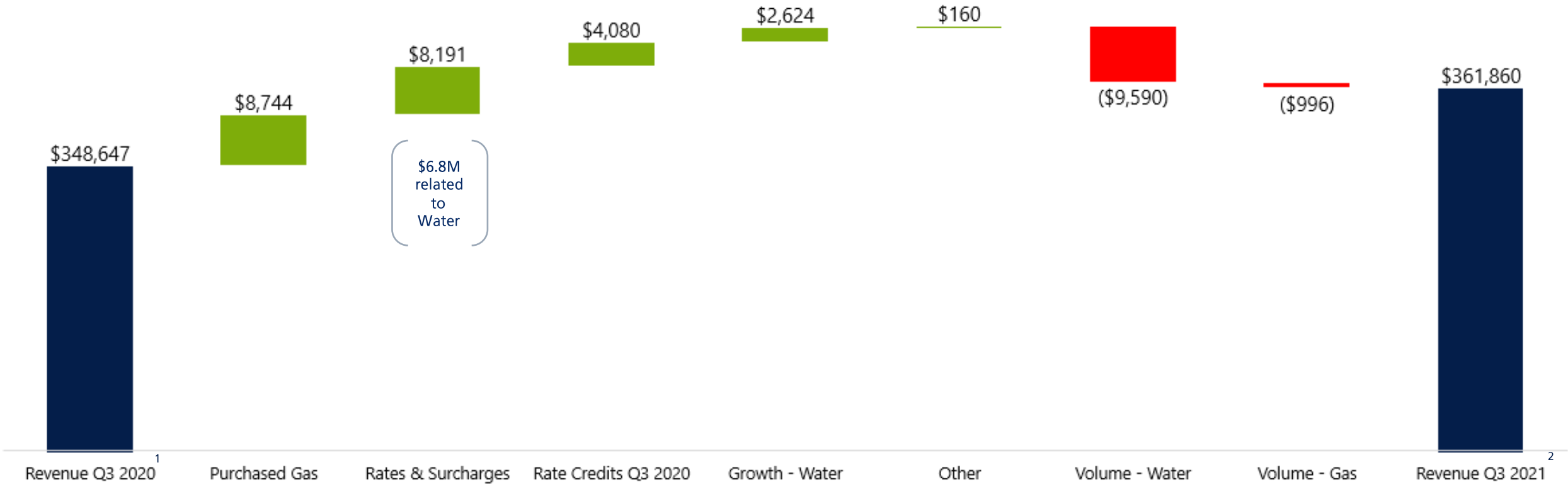
Other

- Results include the revenue and O&M impacts of hurricane Ida.

Operating Revenues

Q3 2021 vs. Q3 2020

Change in Operating Revenues (thousands)



¹ Includes \$16,744 of purchased gas.

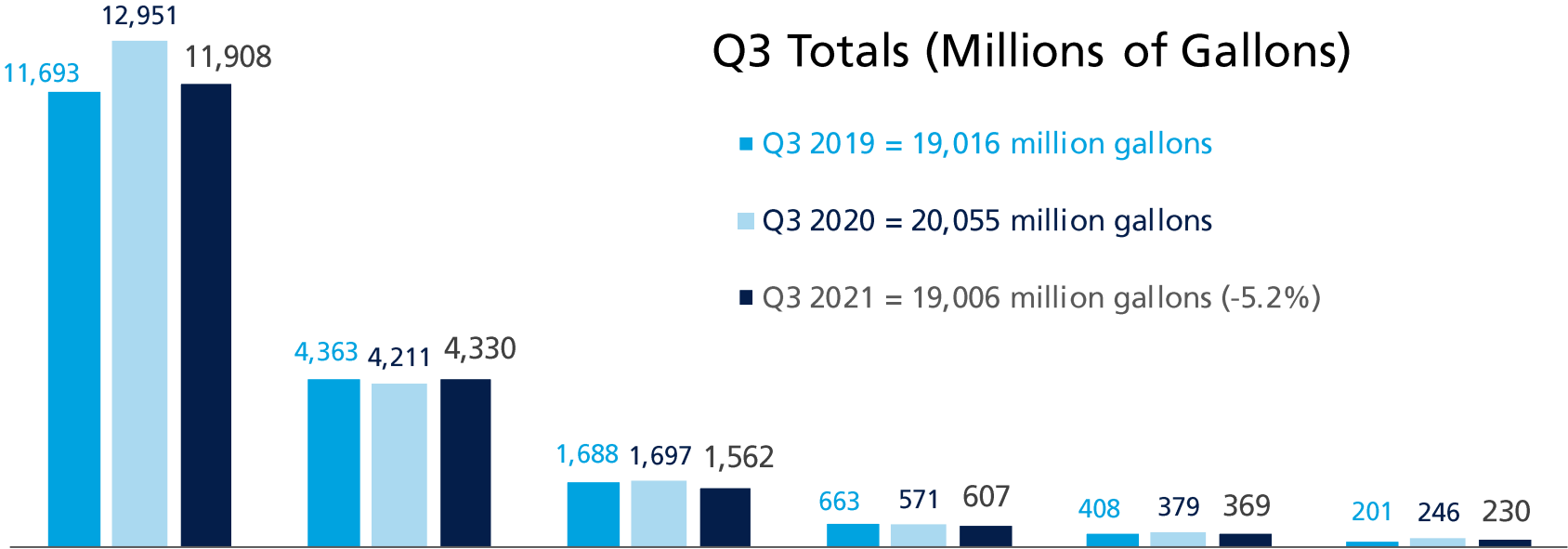
² Includes \$25,488 of purchased gas.

Q3 2021 Water Usage Trends

Third quarter water usage decreased 5.2% year over year. Residential usage decreased by approximately 8%, while commercial usage increased almost 3% when compared to the third quarter of 2020.

Q3 Totals (Millions of Gallons)

- Q3 2019 = 19,016 million gallons
- Q3 2020 = 20,055 million gallons
- Q3 2021 = 19,006 million gallons (-5.2%)

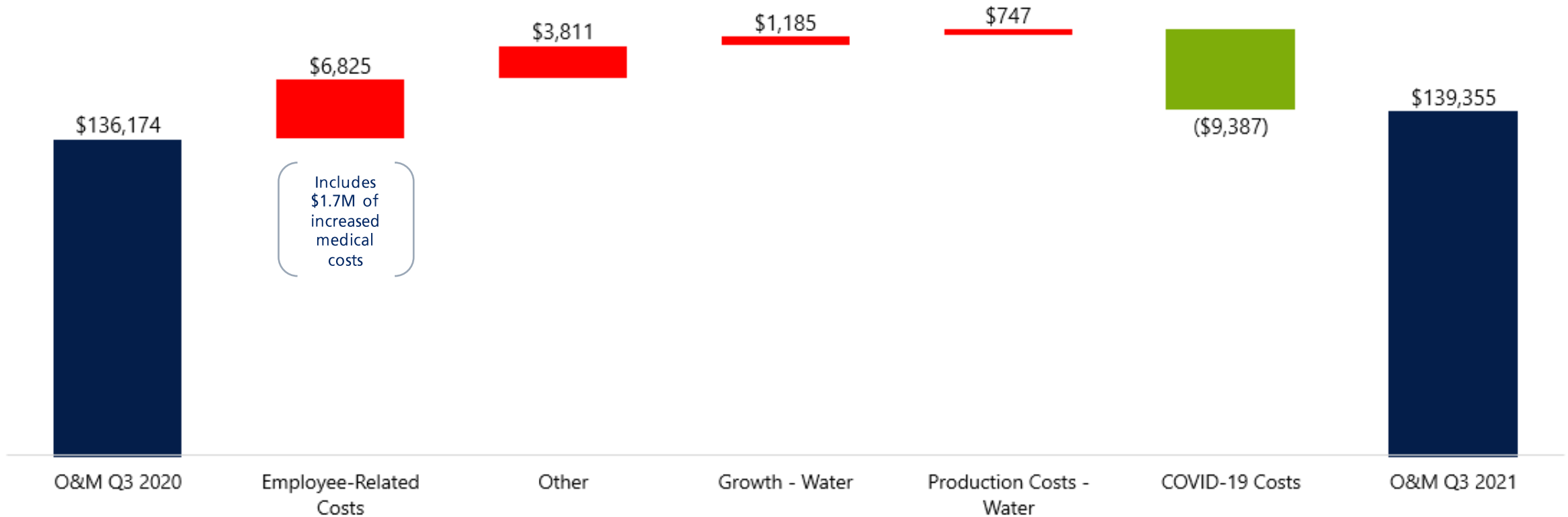


Comparison	Residential	Commercial	Industrial	Other Water Utilities	Public	Other
Q3 2021 vs. Q3 2020	-8.1%	+2.8%	-8.0%	+6.4%	-2.7%	-6.5%
Q3 2021 vs. Q3 2019	+1.8%	-0.8%	-7.5%	-8.4%	-9.6%	+14.4%

Operations & Maintenance Expenses

Q3 2021 vs. Q3 2020

Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

Q3 2021 vs. Q3 2020

Change in Earnings Per Share



Rate Activity

As of 10/31/2021

2021 Completed Rate Cases and Surcharges

Water segment base rate cases or surcharges in NJ, NC, OH, PA, IL, IN, and VA with annualized revenue increase of \$31.0 million

Gas segment base rate cases or surcharges in PA and KY with annualized revenue increase of \$1.3 million

Pending Rate Cases and Surcharges

Water segment base rate cases or surcharges in OH, PA and NC with requested annualized revenue increase of \$107.5 million

Gas segment base rate cases in KY with requested annualized revenue increase of \$9.1 million

Aqua Pennsylvania Rate Case



Rate Case Summary

- File Date: August 20, 2021
- To be completed in Q2 2022
- Since the last case:
 - \$1.1 Billion in Capital Spending
 - 6 Acquisitions
- **Next Key Date:** November 10, 2021 for Direct Testimony

Acquisition Update and 2021 Guidance


Chris Franklin

Chairman, Chief Executive Officer,
and President



2021 Closed and Pending Municipal Transactions

~\$503.8M of rate base is expected to generate ~\$25.2M of incremental annual earnings potential⁽¹⁾



TX

Commons Water⁽²⁾
Closed August 2, 2021


- Water
- 980 customers
- \$4.0M purchase price



IL

Bourbonnais
Closed August 31, 2021

- Wastewater
- 6,450 customers
- \$32.1M purchase price



PA

DELCORA

- Wastewater
- 198,000 customers⁽³⁾
- \$276.5M purchase price



PA

Lower Makefield


- Wastewater
- 11,000 customers
- \$53.0M purchase price



PA

East Whiteland

- Wastewater
- 8,175 customers⁽³⁾
- \$54.9M purchase price



PA

Willistown


- Wastewater
- 2,300 customers⁽³⁾
- \$17.5M purchase price



IL

Oak Brook

- Water
- 4,000 customers⁽³⁾
- \$12.5M purchase price



PA

Shenandoah

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



PA

Beaver Falls

- Wastewater
- 7,600 customers⁽³⁾
- \$41.25M purchase price

241,505⁽³⁾ Total Customers

\$503.8M Total 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) Commons Water is a privately owned utility.

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

Active Municipal Opportunities

Size Range
(Approx. # of Customers)

>25,000

10,000-25,000

<10,000

Total Customers
(Approx. # of Customers)

160,000

135,000

105,000

400,000

Total Customers

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

Guidance

Earnings	Capex	Rate Base ⁽¹⁾	Customer Growth	ESG
<ul style="list-style-type: none">Income per diluted common share of \$1.64 to \$1.69 for 20213-year earnings per share growth CAGR of 5 to 7% for the three-year period through 2023	<ul style="list-style-type: none">Regulated infrastructure investments of approximately \$1 billion in 2021, weighted towards the regulated water segmentInfrastructure investments of approximately \$3.0 billion through 2023 to rehabilitate and strengthen water, wastewater and natural gas systems	<ul style="list-style-type: none">Regulated rate base compound annual growth rate of 6 to 7% per year through 2023 in waterRegulated rate base compound annual growth rate of 8 to 10% per year through 2023 in 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 2021	<ul style="list-style-type: none">Reduction of Scope 1 and 2 greenhouse gas emissions by 60% by 2035Multiyear plan to increase diverse supplier spend to 15%Multiyear plan to achieve 17% employees of color

(1) Represents rate base growth excluding acquisitions.

Questions?

Thank You for Attending Essential's Third Quarter 2021 Conference Call



Fourth Quarter and Full Year 2021
Earnings Conference Call and Webcast

Thursday, February 24, 2022

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Appendix



GAAP to Non-GAAP Reconciliation

In thousands, except per share amounts

	Quarter ended Sept. 30,		Nine Months ended Sept. 30,	
	2021	2020	2021	2020*
Net income (GAAP financial measure)	\$ 50,503	\$ 55,732	\$ 315,106	\$ 182,142
Adjustments:				
Plus: Transaction-related expenses for acquisition of Peoples	-	-	-	25,573
Plus: Transaction-related water rate credits issued to utility customers	-	4,080	-	4,080
Income tax effect of non-GAAP adjustments	-	(1,179)	-	(5,827)
Adjusted income (non-GAAP financial measure)	\$ 50,503	\$ 58,633	\$ 315,106	\$ 205,968
Net income (loss) per common share (GAAP financial measure):				
Basic	\$ 0.20	\$ 0.22	\$ 1.23	\$ 0.73
Diluted	\$ 0.19	\$ 0.22	\$ 1.23	\$ 0.71
Adjusted income per common share (non-GAAP financial measure):				
Basic	\$ 0.20	\$ 0.23	\$ 1.23	\$ 0.83
Diluted	\$ 0.19	\$ 0.23	\$ 1.23	\$ 0.81
Average common shares outstanding :				
Basic	258,773	254,280	256,051	248,212
Diluted	259,437	255,162	256,763	255,139

* Includes Peoples operating results as of the closing date of the Peoples acquisition, March 16, 2020

Year to Date Financial Highlights

As of September 30, 2021

In millions except per share	YTD 2020*	YTD 2021	Percent Change
Revenue (GAAP)	\$988.7	\$1,342.5	↑ 35.8%
Operations and Maintenance Expense	\$371.4	\$391.9	↑ 5.5%
Net Income (GAAP)	\$182.1	\$315.1	↑ 73.0%
Net Income per Share (GAAP)	\$0.71	\$1.23	↑ 71.9%
Adjusted Income (non-GAAP)	\$206.0	\$315.1	↑ 53.0%
Adjusted Income per Share (non-GAAP)	\$0.81	\$1.23	↑ 51.9%

* Includes Peoples operating results as of the closing date of the Peoples acquisition, March 16, 2020

Operating Revenues

YTD September 30, 2021 vs. YTD September 30, 2020

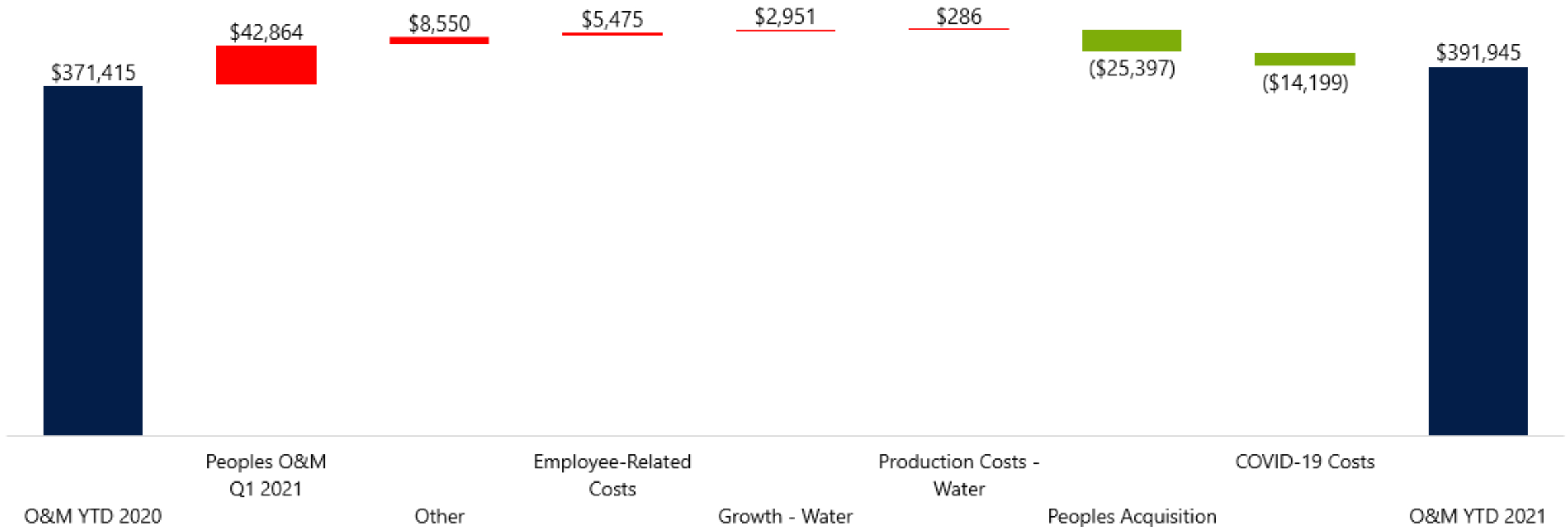
Change in Operating Revenues (thousands)



Operations & Maintenance Expenses

YTD September 30, 2021 vs. YTD September 30, 2020

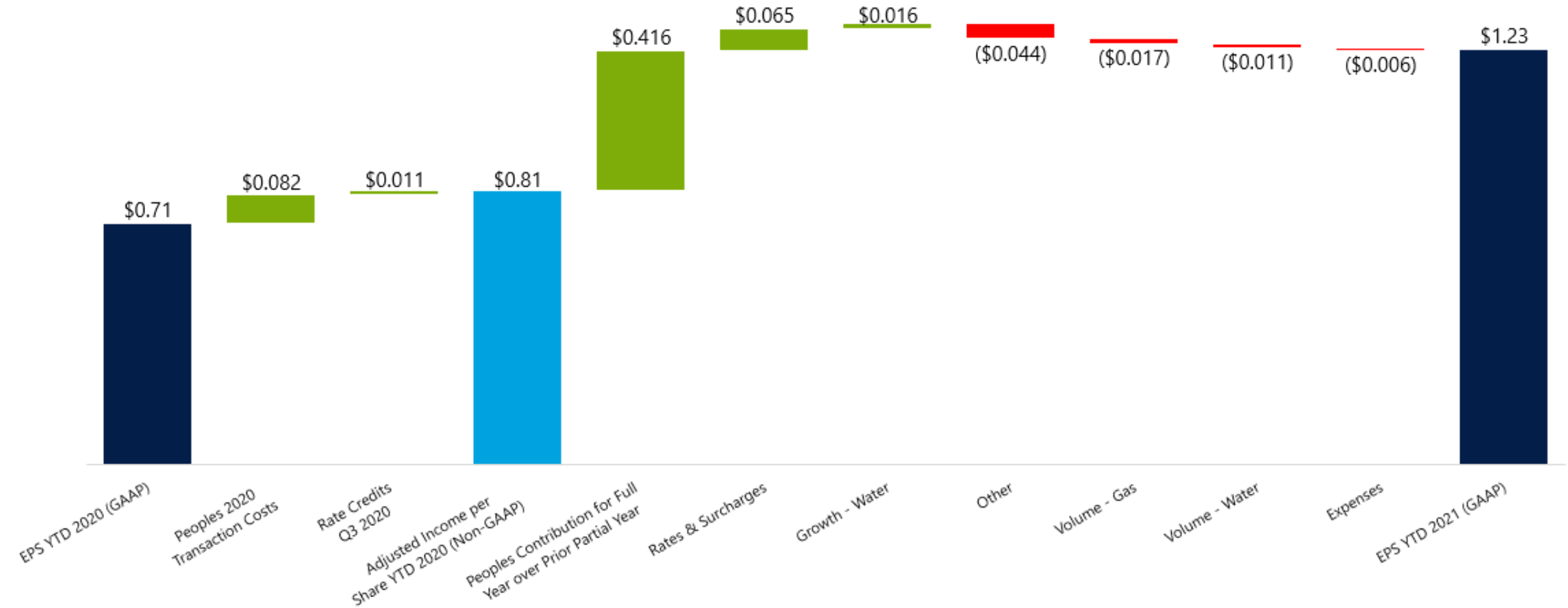
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

YTD September 30, 2021 vs. YTD September 30, 2020

Change in Earnings Per Share



2021 Water Rates and Surcharges Completed

As of 10/31/2021

State	Docket Number	Segment	Type	Awarded Annualized Revenue Increase (\$thousands)
New Jersey	NWR20010056	Wastewater	Rate Case	\$500
North Carolina	W-218, Sub 497A	Water	Surcharge	\$140
	W-218, Sub 497A	Wastewater	Surcharge	\$63
Ohio	89-7028-WW-TRF	Water	Rate Case	\$1,026
Pennsylvania	M-2020-3023292	Water	Surcharge	\$6,519
	M-2020-3023312	Wastewater	Surcharge	\$299
	M-2021-3024749	Water	Surcharge	\$3,305
	M-2021-3024752	Wastewater	Surcharge	\$399
	M-2021-3026628	Water	Surcharge	\$2,479
	M-2021-3026670	Wastewater	Surcharge	(\$310)
	M-2021-3028582	Water	Surcharge	\$9,227
	M-2021-3028648	Wastewater	Surcharge	\$64
Illinois	20-0309	Water	Surcharge	\$1,130
	20-0309	Wastewater	Surcharge	\$182
		Water	Surcharge	\$4,545
		Wastewater	Surcharge	\$295
Indiana	45416-U	Water	Rate Case	\$33
Virginia	PUR-2020-00106	Water	Rate Case	\$1,141
	PUR-2020-00106	Wastewater	Rate Case	(\$57)

Total **\$30,980**

2021 Gas Rates and Surcharges Completed

As of 10/31/2021

State	Docket Number	Segment	Type	Awarded Annualized Revenue Increase (\$thousands)
Pennsylvania	M-2020-3023386	Gas	Surcharge	\$317
	M-2021-3024731	Gas	Surcharge	\$276
Kentucky	2020-00346	Gas	Base	\$747
Total				\$1,341

Rates and Surcharges Pending

As of 10/31/2021

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
North Carolina	W-218, Sub 526A	Water	Surcharge	\$601
	W-218, Sub 526A	Wastewater	Surcharge	\$482
Kentucky	2021-00185	Gas	Rate Case	9,135
Total				\$116,647

State by State Comparison

As of December 31, 2020

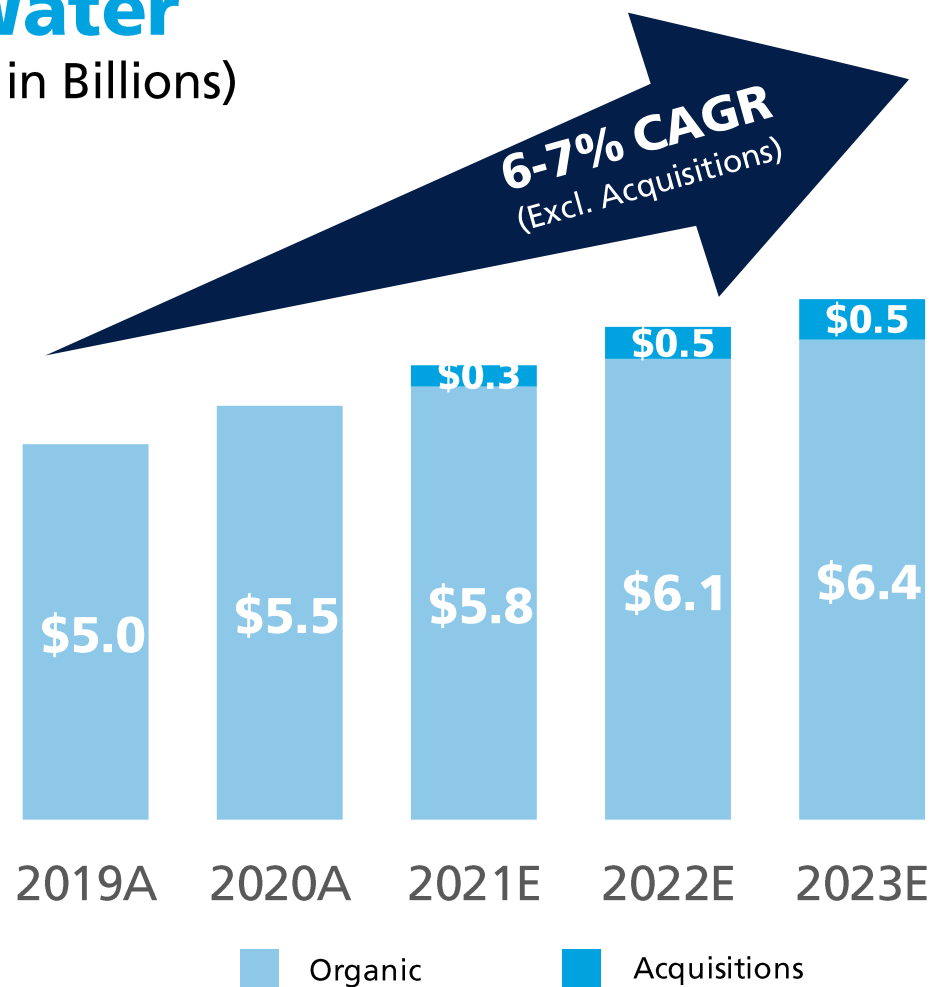
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$3,729,551	444,998	45,277	490,275
IL	\$382,985	66,238	16,732	82,970
OH	\$382,232	150,352	6,923	157,275
TX	\$352,134	67,890	19,240	87,130
NC	\$248,388	83,370	20,727	104,097
NJ	\$203,695	54,680	6,399	61,079
IN	\$88,223	1,338	28,646	29,984
VA	\$85,139	26,470	8,021	34,491
Total	\$5,472,347	895,336	151,965	1,047,301

State	Rate Base (\$000s)	Gas Connections
PA	\$2,367,176	699,326
KY	\$126,567	39,285
WV	\$29,375	12,891
Total	\$2,523,118	751,502

Maximizing Rate Base Growth Potential

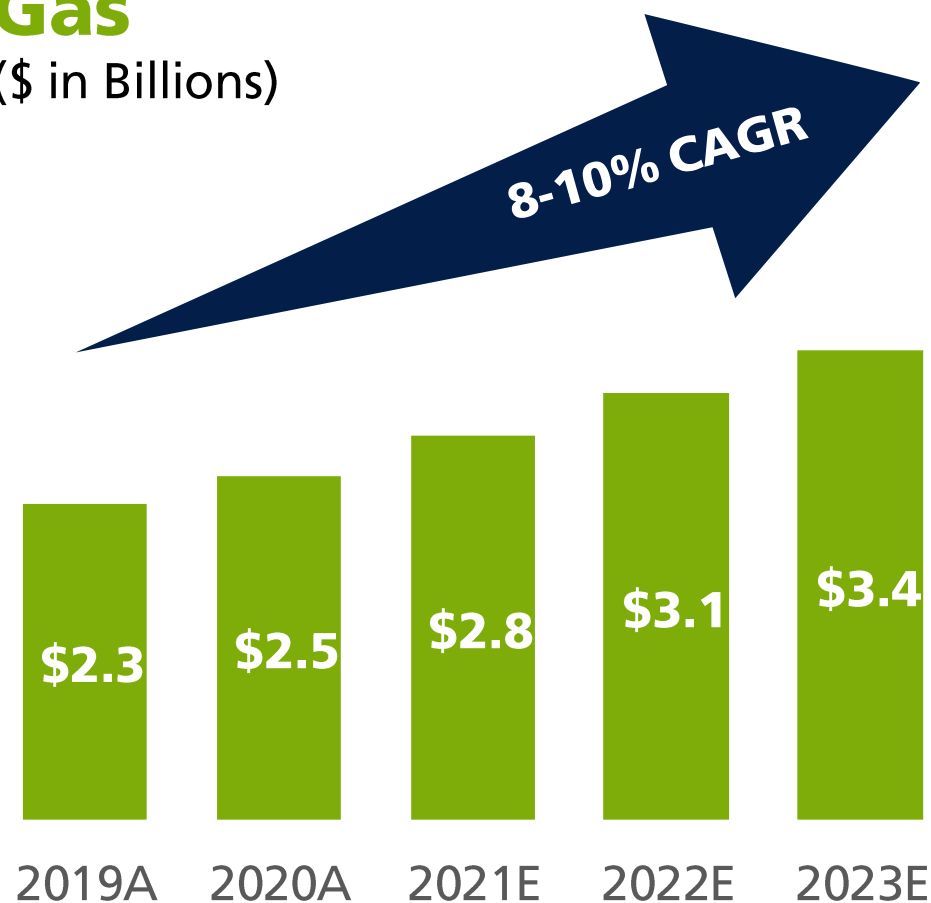
Water

(\$ in Billions)



Gas

(\$ in Billions)



"A" denotes Actual
"E" denotes Estimate

(1) 2019A is presented for informational purposes only, as Peoples was acquired March 2020.

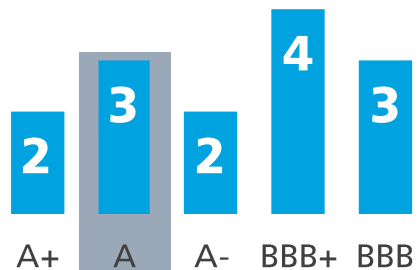
Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

Issuer	Issuance
A	A-
A	A+
A	A

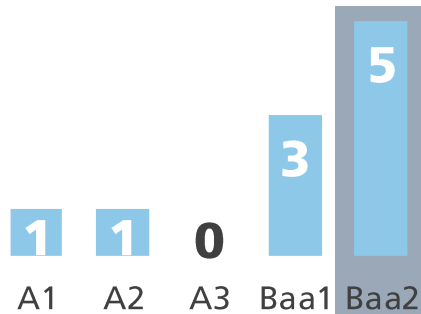
Peer Issuer Ratings⁽¹⁾



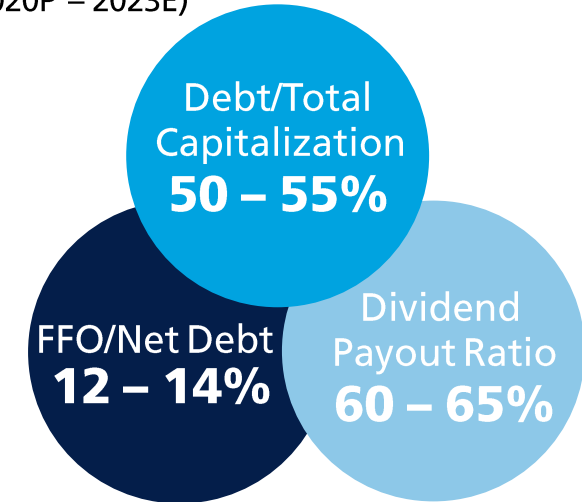
MOODY'S

Issuer	Issuance
Baa2	Baa2
--	--
Baa1	Baa1

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics (2020P – 2023E)



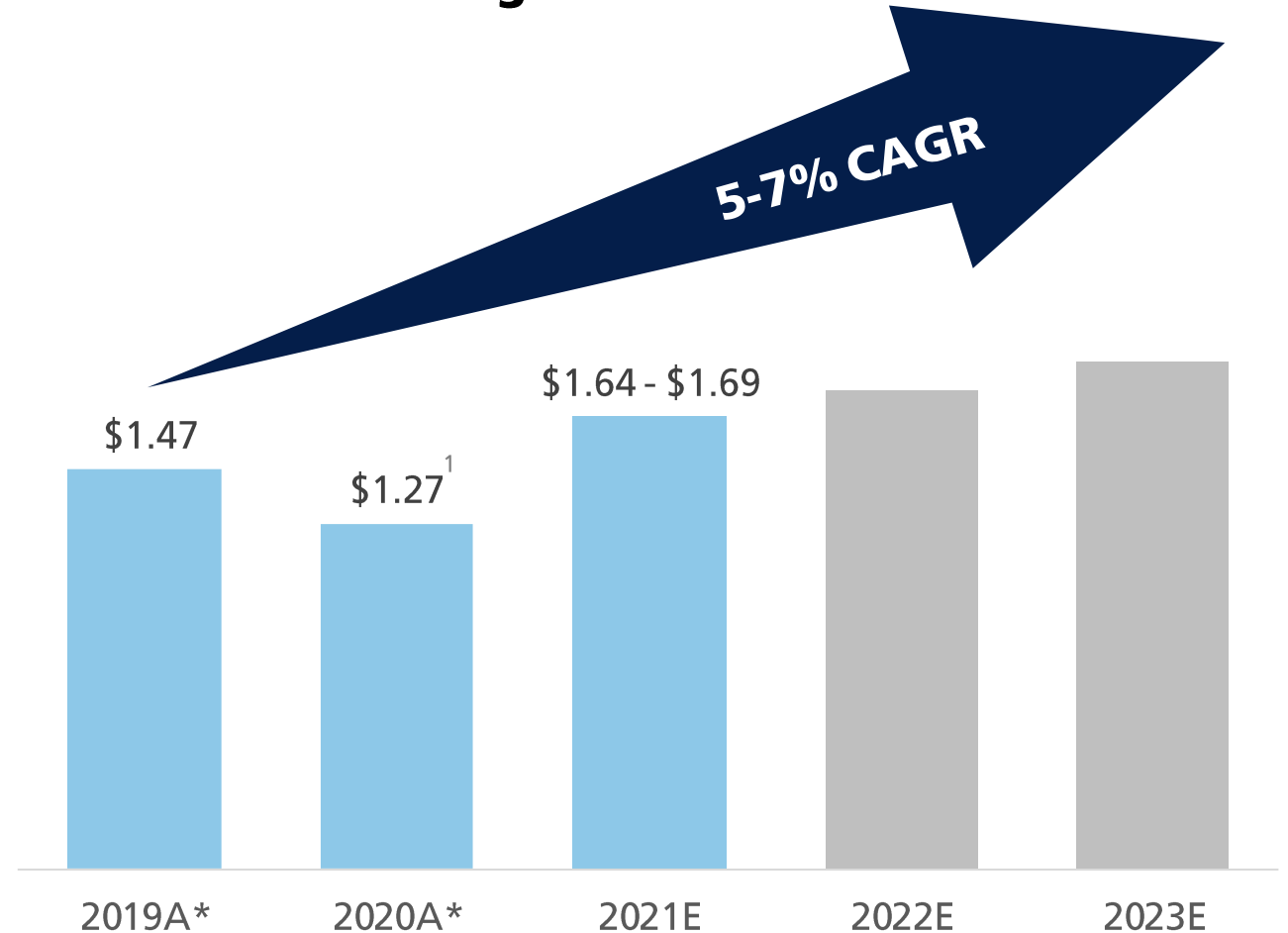
In order to maintain our credit metrics and achieve our investment and acquisition goals, we will regularly be in the market for debt and equity.

(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

2021 annual earnings per share guidance of \$1.64 to \$1.69

2019 – 2023 Earnings Per Share



*Adjusted income per share

¹ Includes Peoples operating results as of the closing date of the Peoples acquisition, March 16, 2020

"A" denotes Actual
"E" denotes Estimate

2021 Priorities

Integration



- Continue Peoples integration
- Implement DELCORA integration plan

Growth



- Prepare for closing the DELCORA acquisition
- Announce at least 20,000 EDU's from Municipal Acquisitions
- Sign municipal deals of at least \$100M in rate base

Operational Excellence



- Continue to keep employees safe and the company strong through the pandemic
- Execute a \$1B capital program
- Continue progress on ESG program
- File Rate Cases in multiple states

2021 Milestones



135

Years as a company

1886

Swarthmore College



WTRG
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Half a century on the NYSE

1971

Initial Public Offering



One year as Essential Utilities

2020

AQUA + PEOPLES