



Essential[™]
UTILITIES

EARNINGS CALL
Third Quarter 2022

November 7, 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

**Earnings
Per Share of
\$0.26**

**YTD
Net Income
Growth of
11.2%**

**YTD
Infrastructure
Investment of
\$719.7M**

**Seven
Pending
Acquisitions⁽¹⁾**

**Two
Closed
Acquisitions⁽²⁾**

**Appointment of
Bryan Lewis to
Board**

(1) Purchase prices totaling \$364.5M

(2) Purchase prices totaling \$107.9M

Organization Update



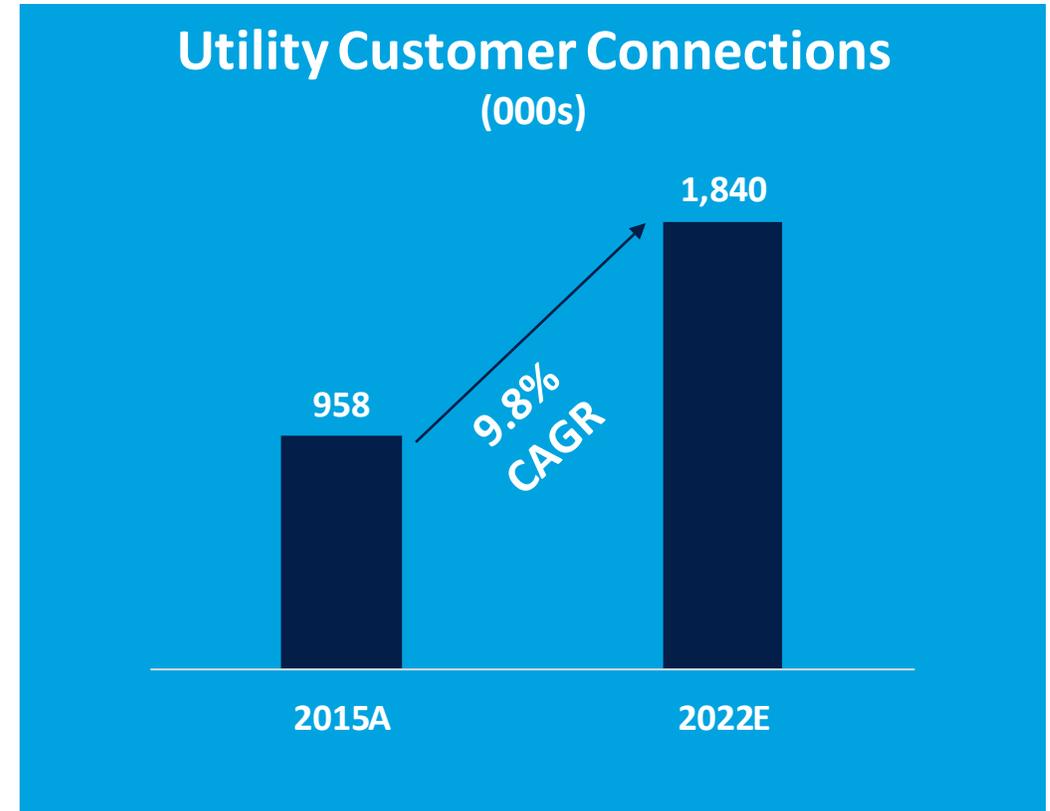
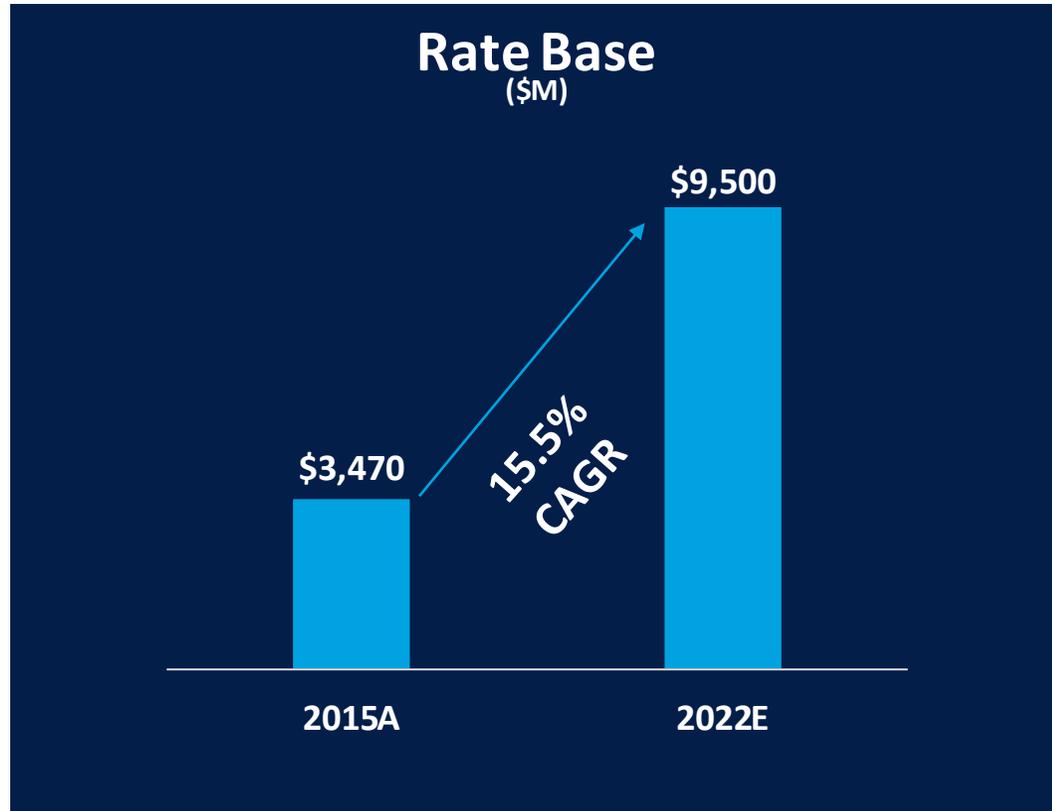
Richard Fox

Essential Utilities, Inc.

Executive Vice President and Chief Operating Officer

- Retiring December 1, 2022
- Served as COO since 2015 and in multiple leadership roles prior, including customer service, southern operations and executive management.
- Contributions to the company:
 - Helped form company's current strategy
 - Increased annual capital budget from \$365M in 2015 to the current \$1B
 - Supported ESG commitments
 - Led customer service standardization
 - Played an integral role in acquisitions and divestitures to create current portfolio

Platform Growth



Consistent Leadership of Regulated Businesses



Colleen Arnold
Aqua, President



Michael Huwar
Peoples, President

2022 Philadelphia CIO of the Year



Whitney Kellett

Essential Utilities, Inc.

Senior Vice President of Business Transformation

- Joined the company in 2016 as the Vice President and Chief Information Officer.
- Finalist for the CIO of the Year ORBIE Award every year since 2018.
- Responsible for Essential's technology strategies, decisions, policies and procedures, as well as information security strategy and risk management programs.
- Appointed to lead the company's \$143 million service improvement project, building feature-rich and secure platforms for finance, administration and operations.
- Member of the Forum of Executive Women and a mentor to women in technology.
- Active community member and proponent of women in technical fields.

Infusing External Talent



Sumit Nair

Essential Utilities, Inc.

Vice President and

Chief Information Officer



Jeanne Russo

Essential Utilities, Inc.

Vice President, Communications

Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q3 Financial Highlights

As of September 30, 2022

<i>In millions except per share</i>	Q3 2021	Q3 2022
Operating Revenues	\$361.9	\$434.6
Purchased Gas	\$25.5	\$52.0
Gross Margin (non-GAAP) ⁽¹⁾	\$336.4	\$382.6
Operations and Maintenance Expense	\$139.4	\$151.4
Operating Income	\$101.5	\$125.9
Net Income	\$50.5	\$68.6
Net Income per Share	\$0.19	\$0.26

Revenues

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

O&M

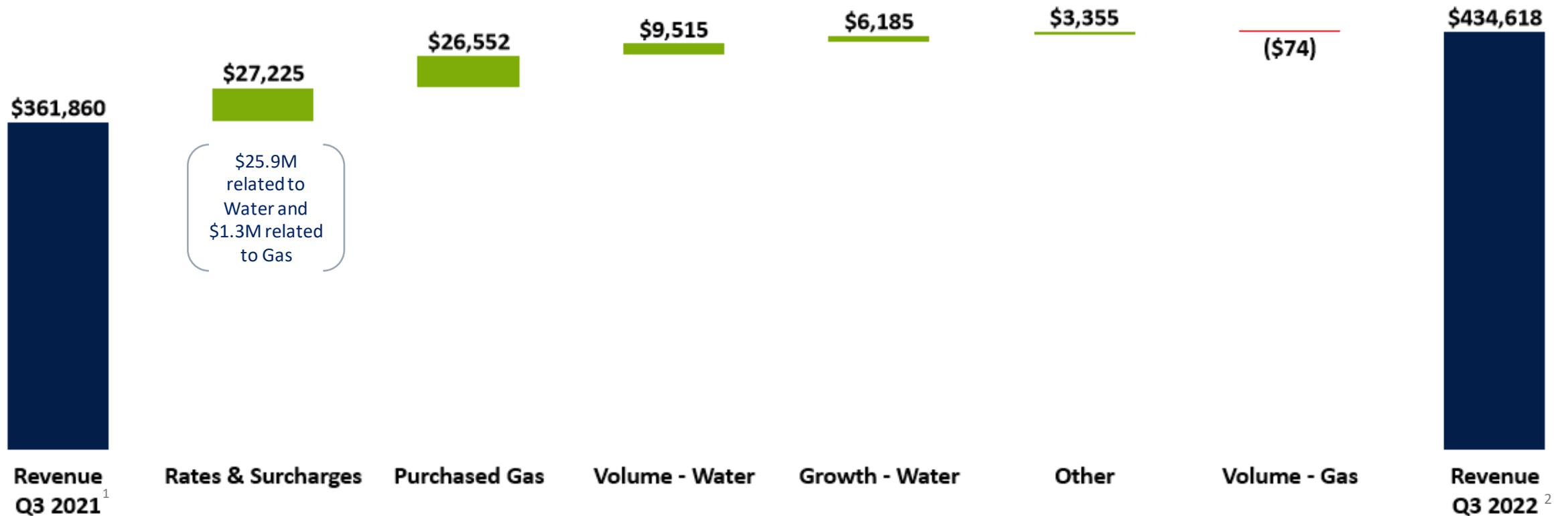
- Employee-related costs and higher water production costs were the main drivers for the quarter
-

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

Operating Revenues

Q3 2022 vs. Q3 2021

Change in Operating Revenues (thousands)



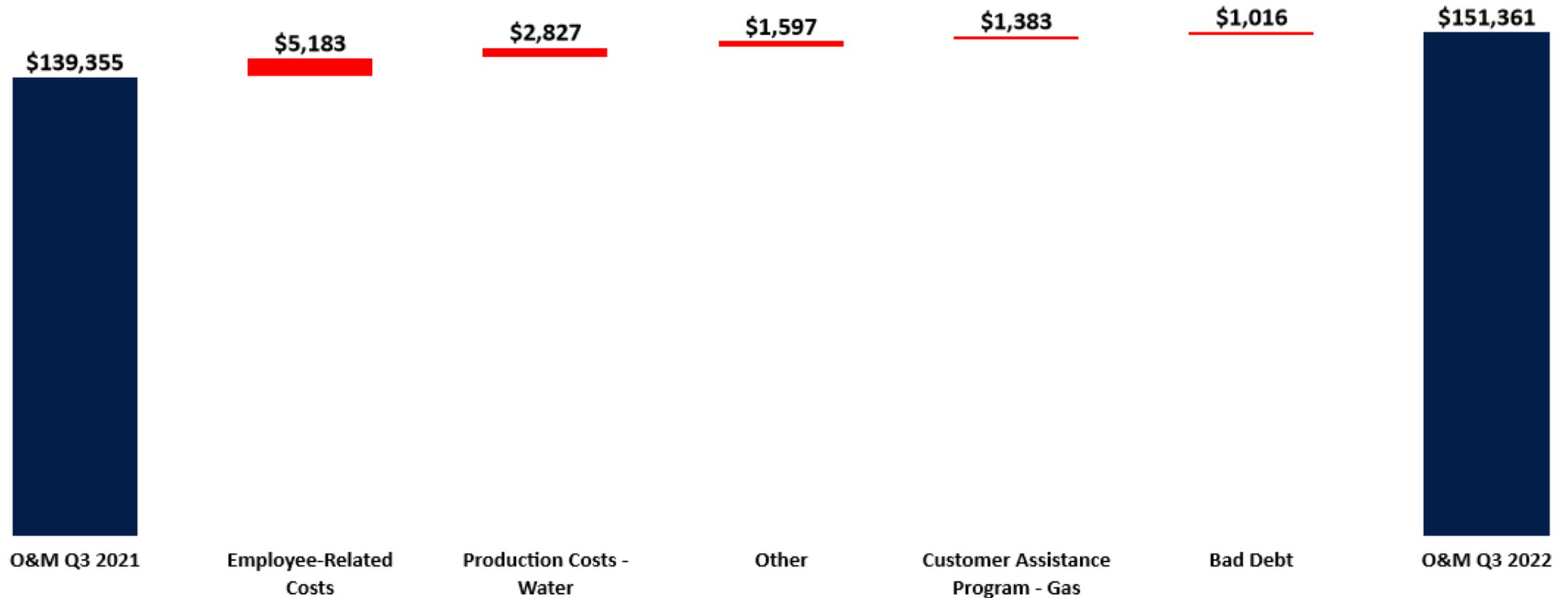
¹ Includes \$25,488 of purchased gas.

² Includes \$52,041 of purchased gas.

Operations & Maintenance Expenses

Q3 2022 vs. Q3 2021

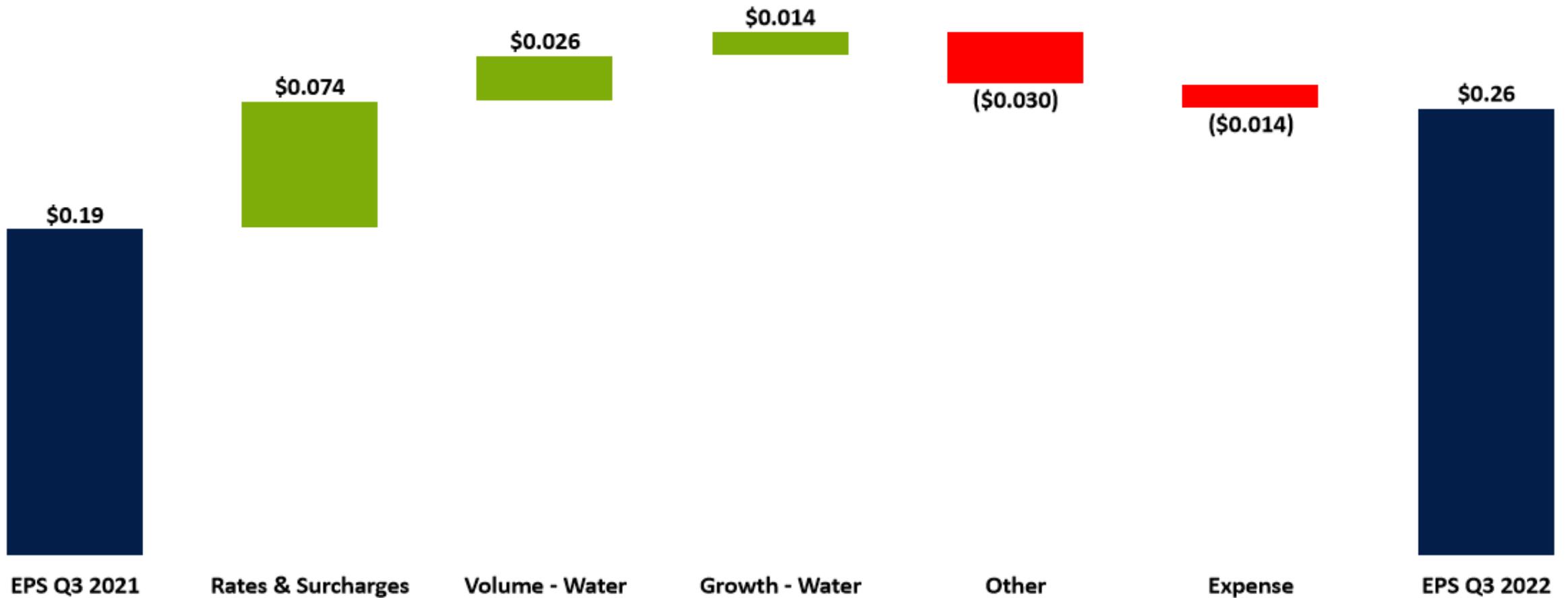
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

Q3 2022 vs. Q3 2021

Change in Earnings Per Share



Rate Activity

As of 11/06/2022

2022 Completed Rate Cases and Surcharges

Water segment base rate cases or surcharges in IL, NC, OH and PA with annualized revenue increase of \$83.3 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 or surcharges in NC, NJ, TX and VA with requested annualized revenue increase of \$36.8 million

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

Acquisition Growth and 2022 Guidance

Chris Franklin

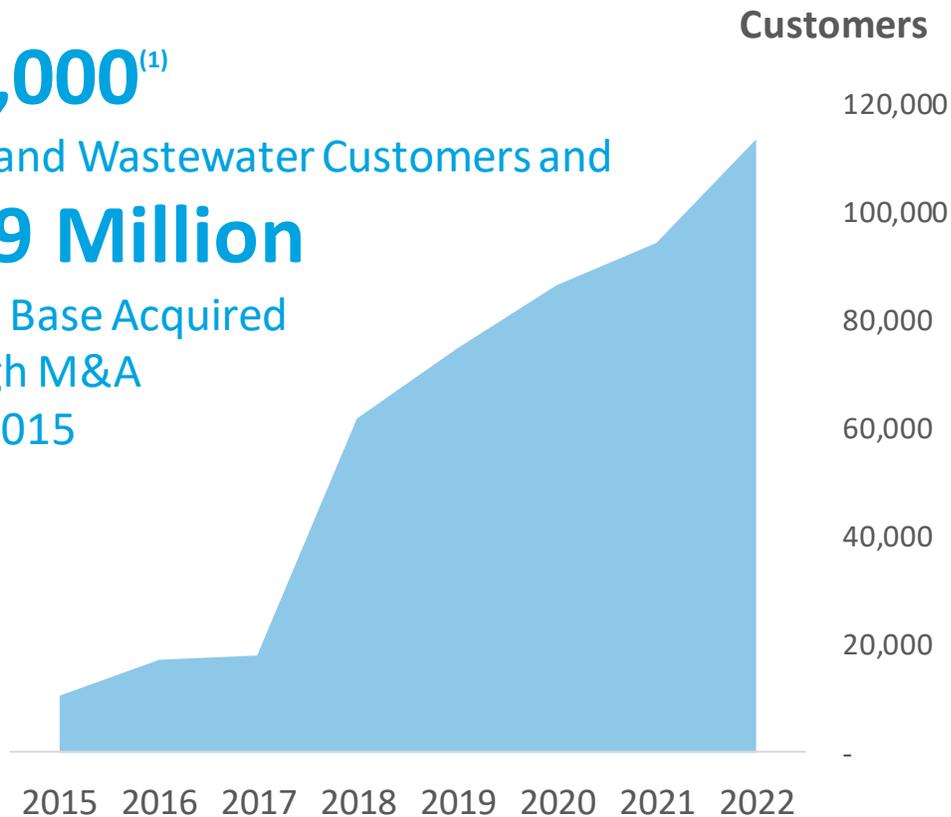
Chairman, Chief Executive Officer,
and President



Continued Water and Wastewater Acquisition Success

Cumulative Additions of Customers Through Acquisitions Since 2015

Nearly
114,000⁽¹⁾
 Water and Wastewater Customers and
\$469 Million
 in Rate Base Acquired Through M&A Since 2015



2022 Closed Acquisitions

PA	PA
Lower Makefield <ul style="list-style-type: none"> Wastewater 11,000 customers \$53.0M purchase price Closed March 4, 2022 	East Whiteland <ul style="list-style-type: none"> Wastewater 8,175 customers⁽¹⁾ \$54.9M purchase price Closed August 12, 2022

19,175
 Total Customers

\$107.9M
 Total Purchase Price

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

Pending Municipal Transactions

~\$364.5M of pending rate base is expected to generate ~\$18.2M of incremental annual earnings potential⁽¹⁾

217,062⁽²⁾ Total Customers

\$364.5M Total Purchase Price

Approved by PUC

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

PA

Beaver Falls

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

IL

Oak Brook

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

TX

Southern Oaks

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

PA

Shenandoah

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

IL

Village of Frankfort

- Water/Wastewater
- 711 / 711 customers
- \$1.4M 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.

Delcora Process Update

Upcoming Regulatory Key Dates

Public Input Hearing	November 17, 2022
Rebuttal and Surrebuttal Testimony	December 16, 2022 and January 13, 2023
Hearings	February 14 - 15, 2023
Recommended ALJ Decision	Late April 2023
PUC Order	June 15, 2023

Litigation with Delaware County Related to DELCORA

- On November 2, Delaware County Court again found in favor of Aqua
- Court determined that its previous Order already constituted a final order
- This is a significant development in bringing this litigation closer to an end

Active Municipal Opportunities

Size
Range
(Approx. # of
Customers)



Total
Customers
(Approx. # of
Customers)



430,000

Total
Customers

We are actively pursuing acquisition opportunities in most of our states, totaling approximately 430,000 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 2022 3-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 water Regulated 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 growth Gas 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 baseline Multi-year plan to increase diverse supplier spend to 15% Multi-year plan to reach 17% employees of color Multi-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 Third Quarter 2022
Conference Call**



**Fourth Quarter and Full Year 2022
Earnings Conference Call and Webcast**

Friday, February 24, 2023

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For more information contact:



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Appendix



Year to Date Financial Highlights

As of September 30, 2022

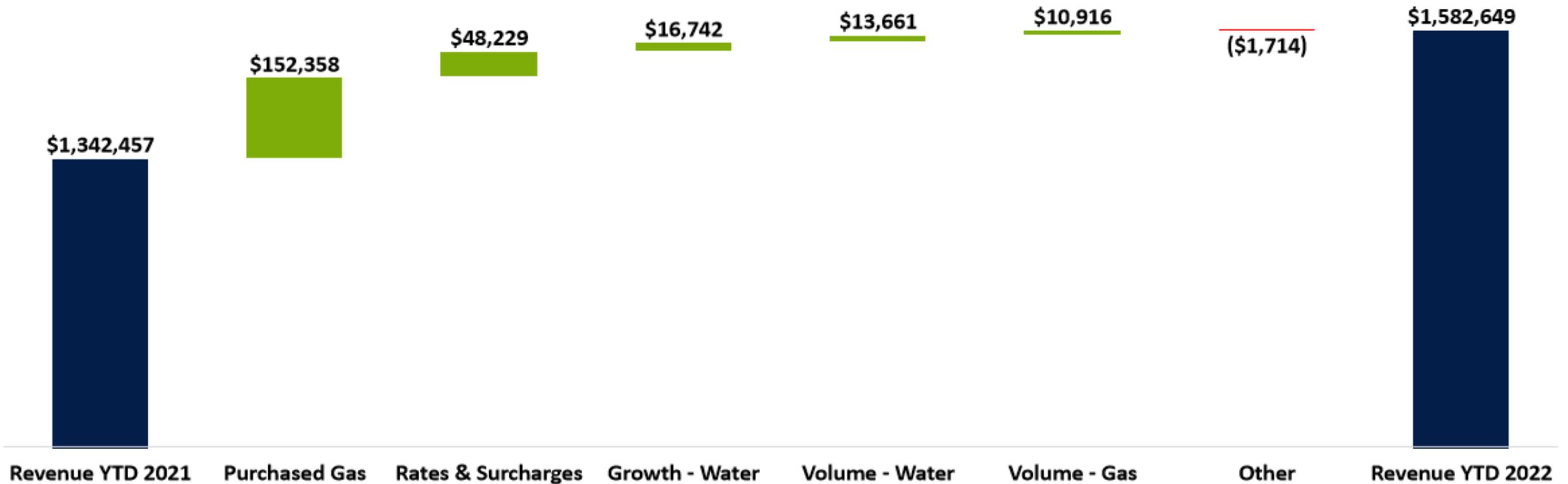
<i>In millions except per share</i>	YTD 2021	YTD 2022	Percent Change
Operating Revenues (GAAP)	\$1,342.5	\$1,582.6	↑ 17.9%
Purchased Gas	\$202.5	\$354.9	↑ 75.2%
Gross Margin (non-GAAP) ⁽¹⁾	\$1,139.9	\$1,227.8	↑ 7.7%
Operations and Maintenance Expense	\$391.9	\$428.9	↑ 9.4%
Operating Income	\$463.1	\$491.2	↑ 6.1%
Net Income	\$315.1	\$350.3	↑ 11.2%
Net Income per Share	\$1.23	\$1.33	↑ 8.1%

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

Operating Revenues

YTD September 30, 2022 vs. YTD September 30, 2021

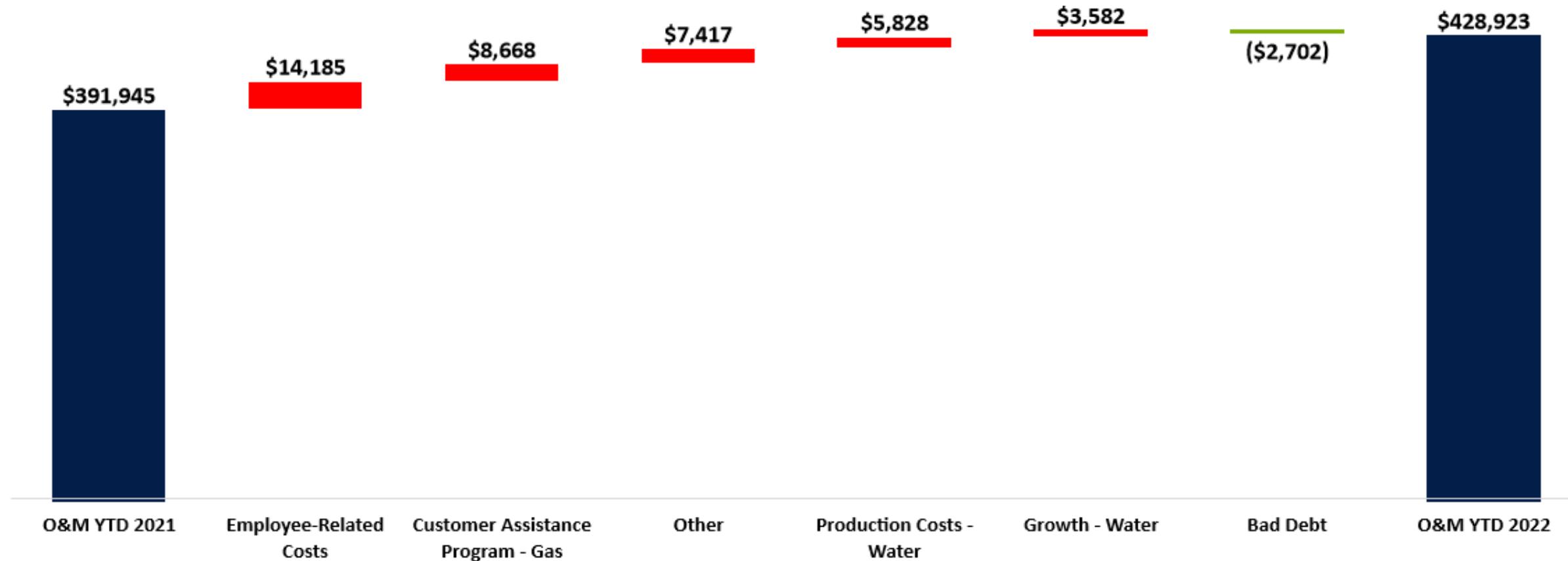
Change in Operating Revenues (thousands)



Operations & Maintenance Expenses

YTD September 30, 2022 vs. YTD September 30, 2021

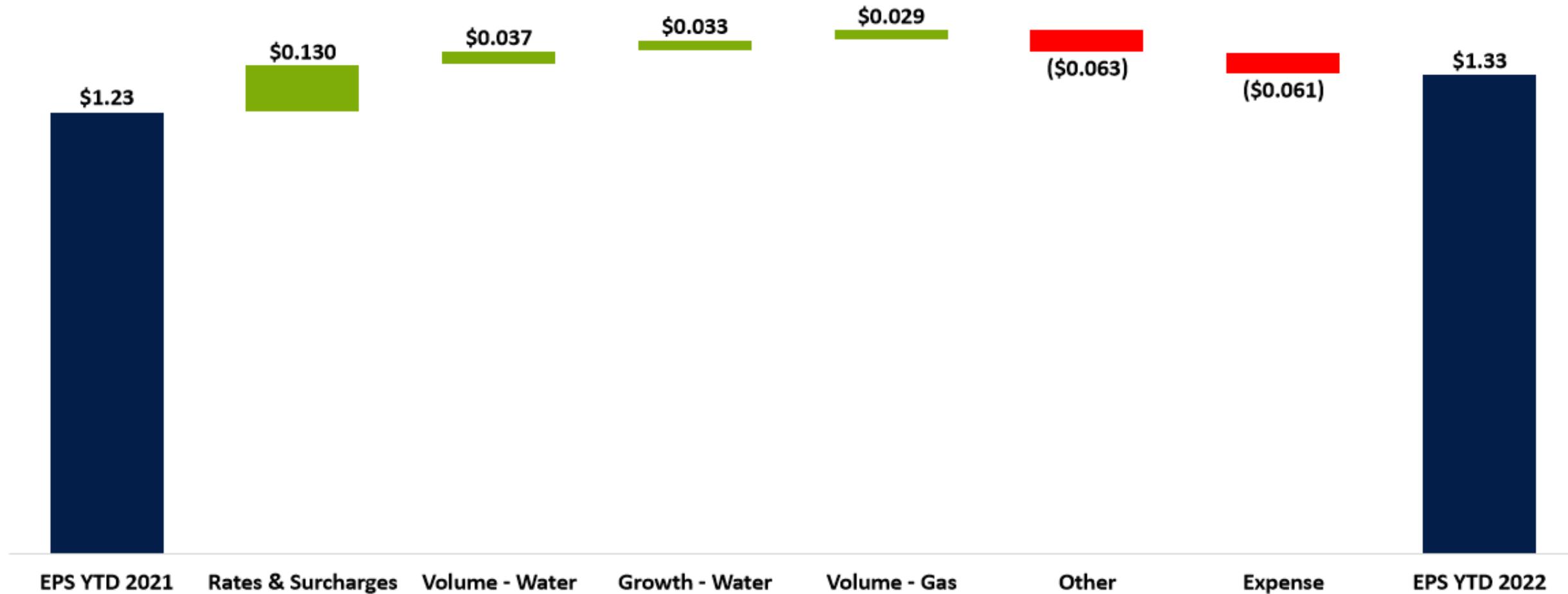
Change in Operations & Maintenance Expense (thousands)



Earnings per Common Share

YTD September 30, 2022 vs. YTD September 30, 2021

Change in Earnings Per Share



2022 Rates and Surcharges Completed

As of 11/06/2022

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,378
	21-0595-WW-AIR	Water	Rate Case	\$5,179
	21-0596-ST-AIR	Wastewater	Rate Case	\$304
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	\$88,770

Rates and Surcharges Pending

As of 11/06/2022

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Virginia		Water	Surcharge	\$411
		Wastewater	Surcharge	\$148
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
New Jersey		Water	Surcharge	\$593
Kentucky		Gas	Surcharge	\$1,483
			Total	\$38,263

State by State Comparison

As of December 31, 2021

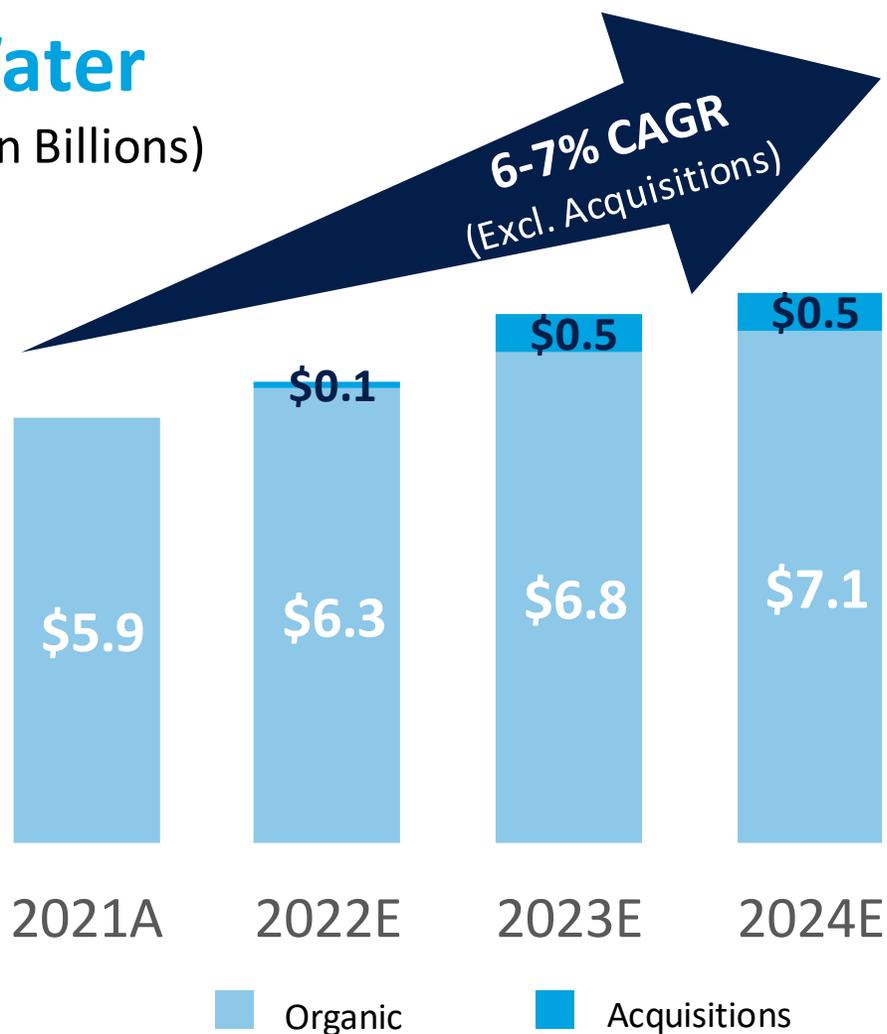
State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$3,936,496	447,726	45,572	493,298
IL	\$437,697	66,670	23,578	90,248
OH	\$430,046	151,221	6,950	158,171
TX	\$420,570	71,029	20,632	91,661
NC	\$274,135	84,452	21,527	105,979
NJ	\$212,911	55,009	6,505	61,514
IN	\$100,789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

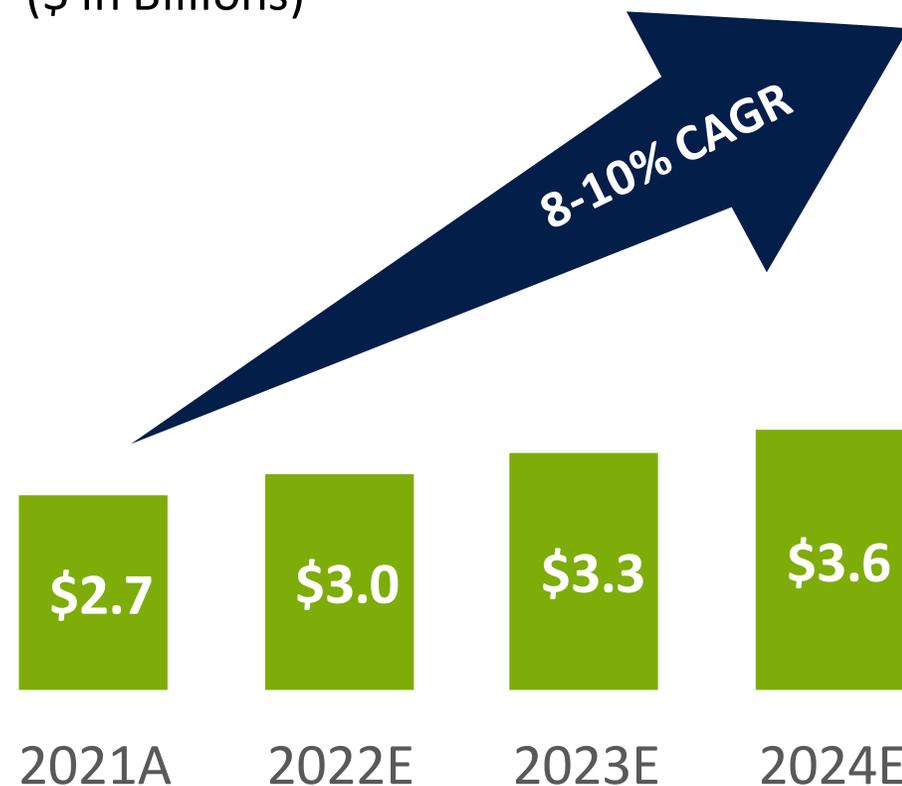
Water

(\$ in Billions)



Gas

(\$ in Billions)



Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

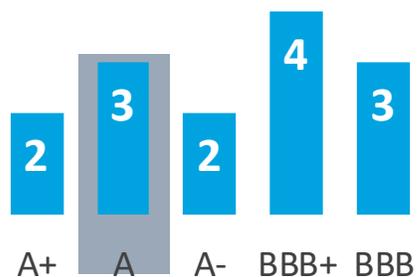
Issuer Issuance

A **A-**

A **A+**

A **A**

Peer Issuer Ratings⁽¹⁾



MOODY'S

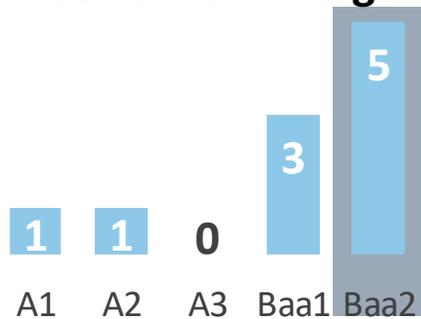
Issuer Issuance

Baa2 **Baa2**

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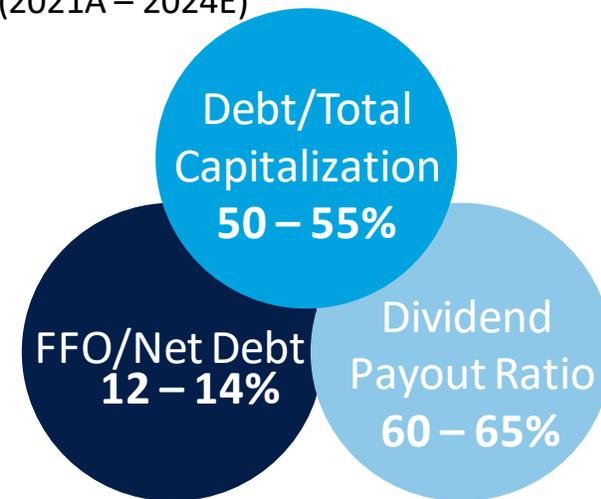
Baa1 **Baa1**

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics

(2021A – 2024E)



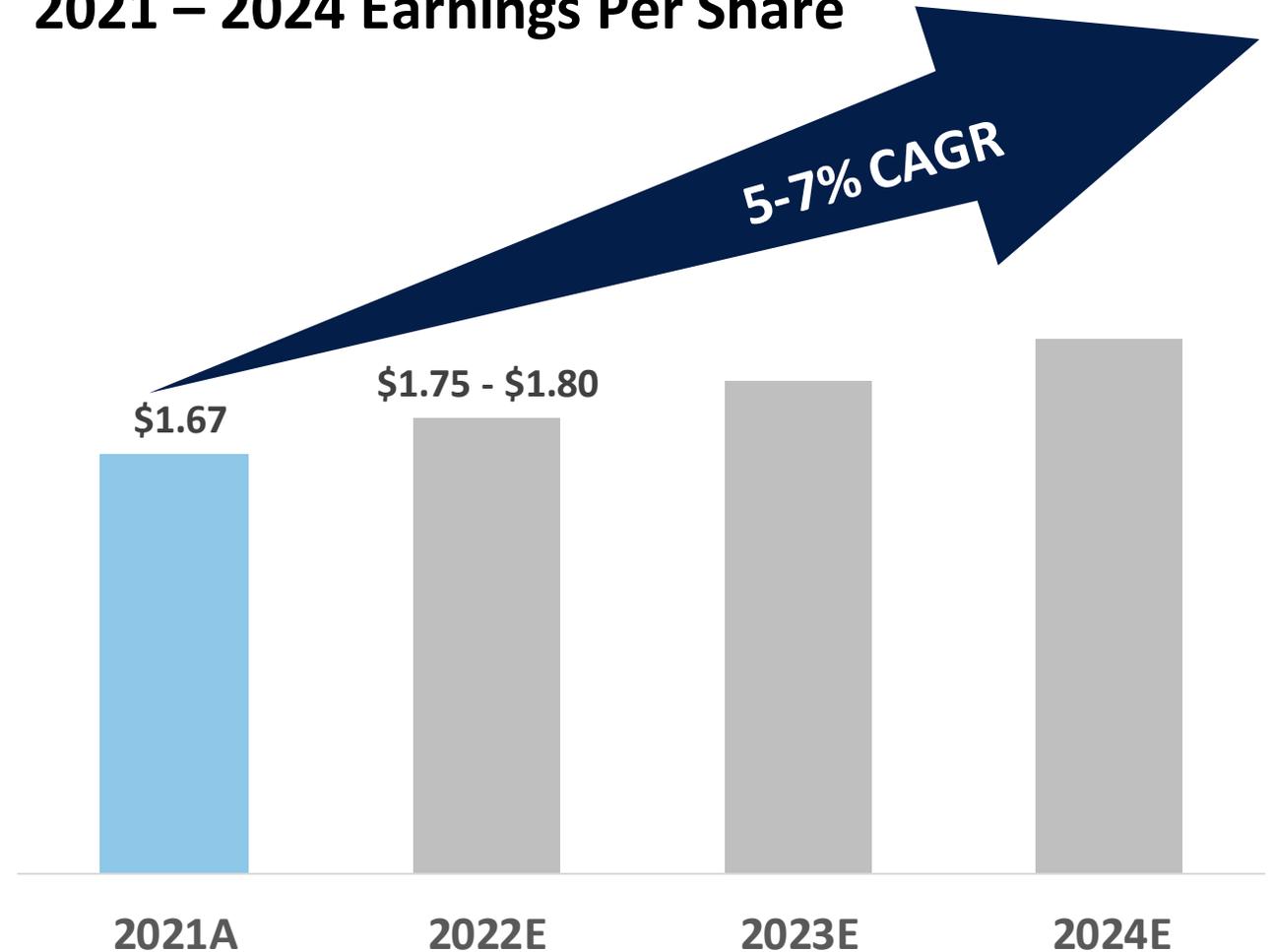
In order to maintain our credit metrics and achieve our investment and acquisition goals, we will regularly be in the market for debt and equity.

(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

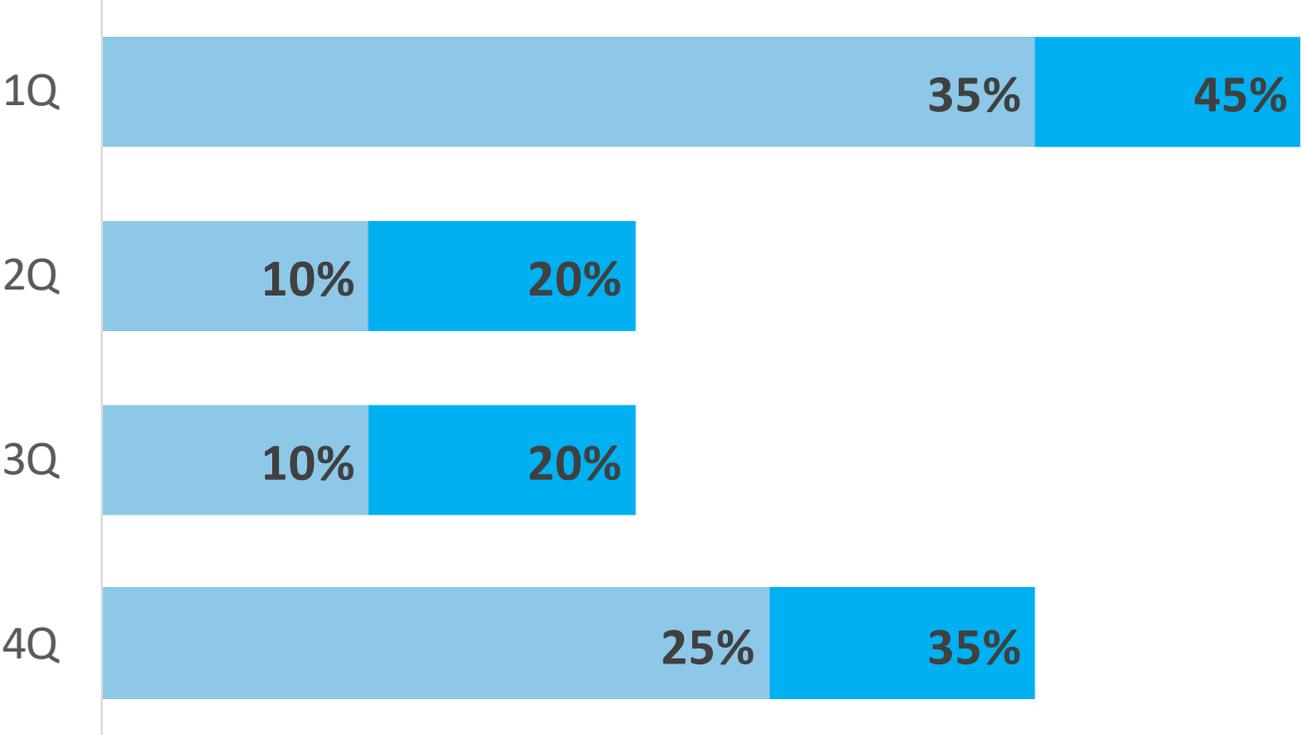
2021 – 2024 Earnings Per Share



"A" denotes Actual
"E" denotes Estimate

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