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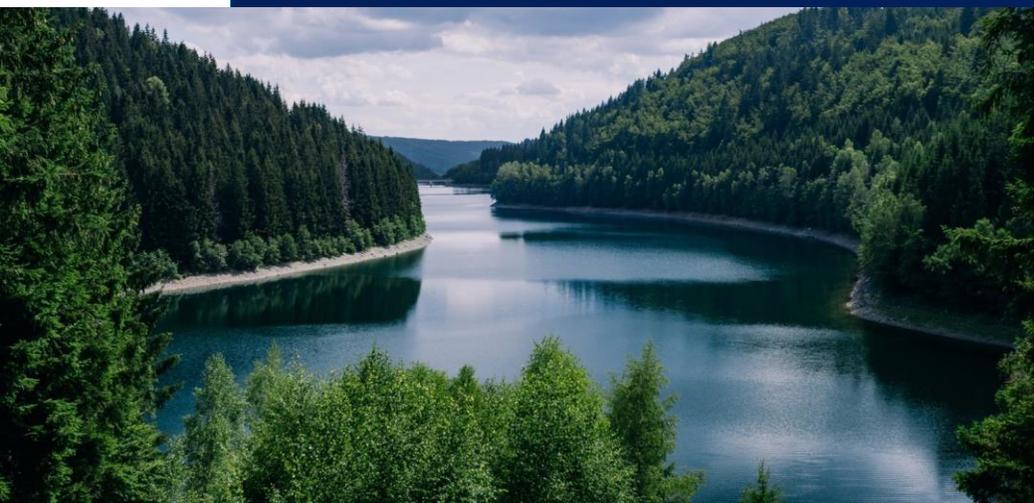
WTRG



Essential™

Full Year 2023 Earnings Call

February 23rd, 2024





Brian Dingerdissen

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



Christopher Franklin

Chairman and Chief
Executive Officer

Corporate Updates

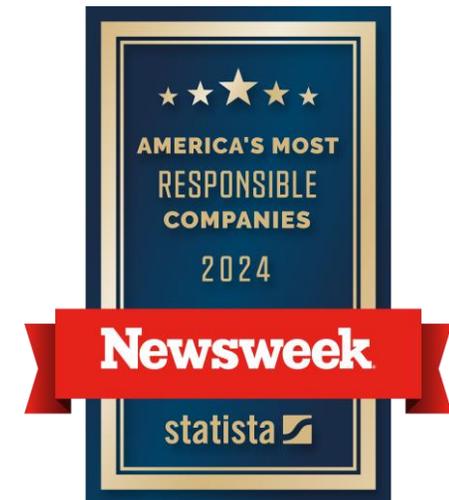
\$1.86 Earnings
Per Share for 2023

2023 Infrastructure
Investment of **\$1.19B**

Pending Acquisition of
Six Systems⁽¹⁾

Completed Sale
of West Virginia Gas
Utility Assets and Three
District Energy Projects

Acquired **Seven**
Systems⁽²⁾



1) Purchase prices totaling over \$380M.

2) Purchase prices totaling \$44.6M.

Operational Achievements

Replaced over 300 Miles of Pipe in 2023⁽¹⁾



>99.9% Water Compliance



Decreased Gas Leaks Outstanding at Year End over 80% since 2019

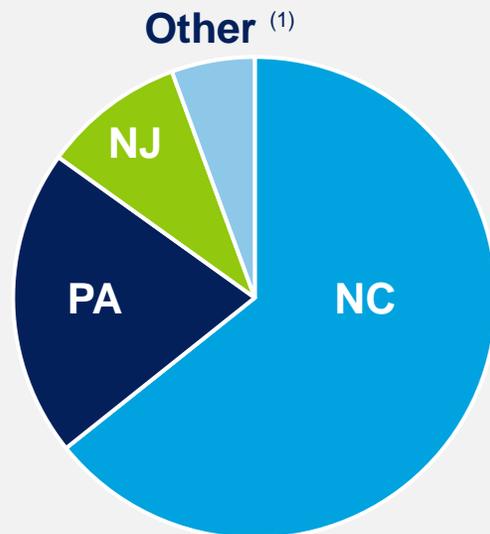


1) Excludes abandoned miles.

Keeping Our Promise with PFAS Mitigation

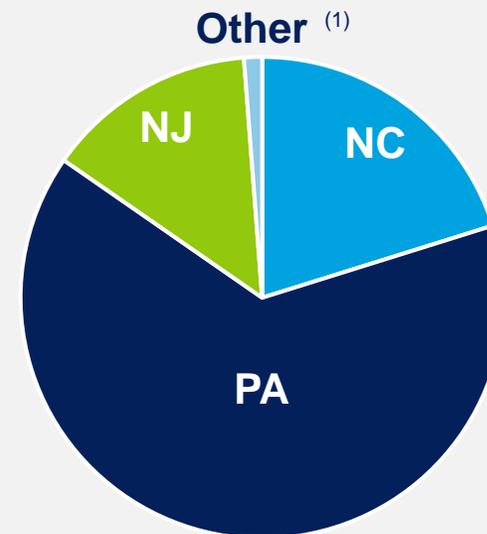
Essential remains committed to complying with current and future regulatory requirements

Over 300 Sites that Require Remediation



Majority of sites affected by PFAS located in NC, where we operate more than 1,600 wells

\$450M+ Capital Investment



Although NC has the highest number of sites, the sites with the largest capital investment needs are located in PA

- Essential expects annual O&M expense to increase by approximately 5.0% of capital invested

1) Represents OH, VA, and TX.



Daniel Schuller

—
EVP,
Chief Financial Officer

Q4 Financial Highlights

As of December 31, 2023

(\$ in millions, except per share data)	Q4 2022	Q4 2023
Operating Revenues	\$705.4	\$479.4
Purchased Gas	\$247.1	\$37.5
Operations and Maintenance Expense	\$184.7	\$157.0
Operating Income	\$170.0	\$174.0
Net Income	\$114.9	\$135.4
Net Income per Share	\$0.44	\$0.50

Revenues

- Lower purchased gas costs, decreased volume in the regulated natural gas segment and the regulated water segment, and other items were the main drivers for the quarter; offset by additional revenues from regulatory recoveries and regulated water segment customer growth.

O&M

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

Full Year 2023 Financial Highlights

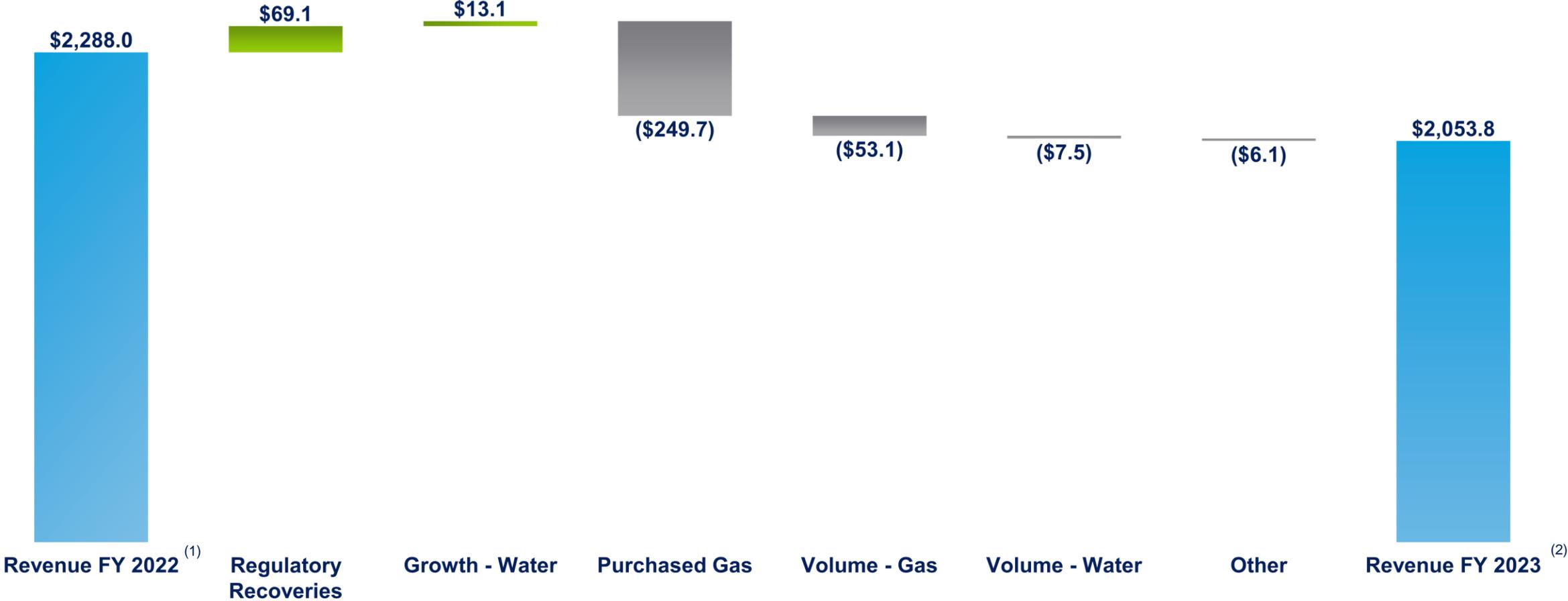
As of December 31, 2023

(\$ in millions, except per share data)	FY 2022	FY 2023	Percent Change
Operating Revenues	\$2,288.0	\$2,053.8	(10.2%)
Purchased Gas	\$602.0	\$352.3	(41.5%)
Operations and Maintenance Expense	\$613.6	\$575.5	(6.2%)
Operating Income	\$661.2	\$692.1	4.7%
Net Income	\$465.2	\$498.2	7.1%
Net Income per Share	\$1.77	\$1.86	5.1%

Operating Revenues

FY 2023 vs. FY 2022

Change in Operating Revenues (millions)



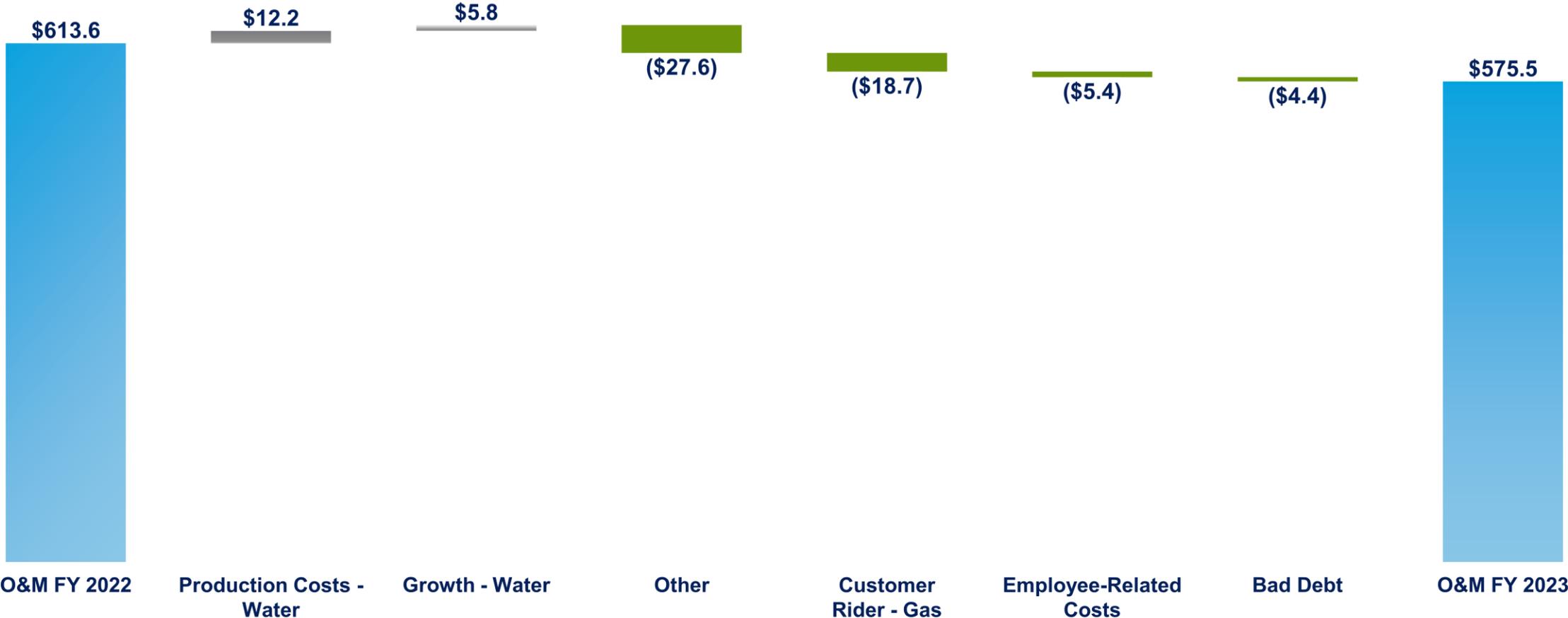
1) Includes \$602.0 of purchased gas.

2) Includes \$352.3 of purchased gas.

Operations & Maintenance Expenses

FY 2023 vs. FY 2022

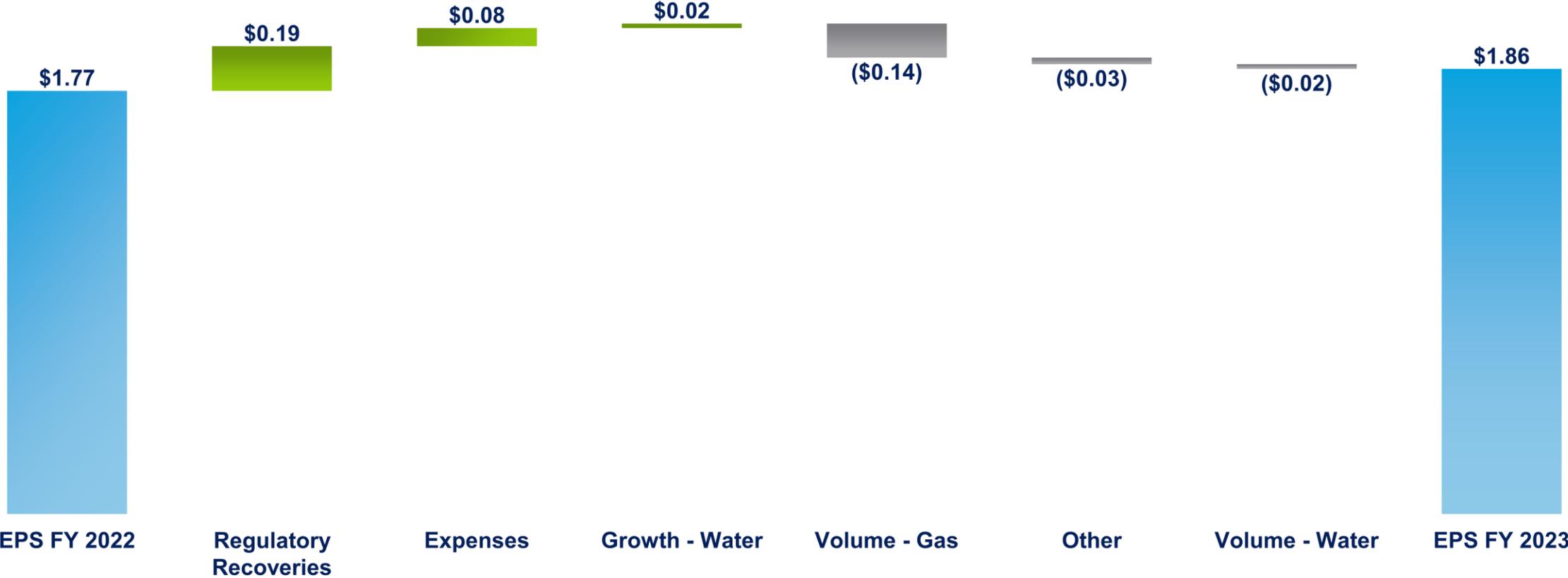
Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

FY 2023 vs. FY 2022

Change in Earnings Per Share



Regulatory Activity

As of February 22, 2024

2023 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, IN, NJ, NC, OH, PA, TX, and VA with annualized revenue increase of \$47.2 million

Gas segment surcharges in PA and KY with annualized revenue increase of \$21.3 million

2024 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, OH and PA with annualized revenue increase of \$9.1 million

Gas segment surcharges in PA and KY with annualized revenue increase of \$22.1 million

PENDING REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NJ, TX and VA with requested annualized revenue increase of \$43.2 million

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

Peoples Natural Gas

Overview of Pennsylvania Rate Case Filing

Case Details

Filed: 12/29/2023	Revenue: \$671.5M	Equity: 54.67%
Rates Expected: October 2024	Increase: \$156.0M, or 18.7%	ROE: 11.75%

Rate Base through the FPFTY as of 9/30/2025:
\$4.2B up from \$2.1B in last case

Significant Benefits Delivered Since Last Rate Case

- ✓ Meaningful **emissions reduction**
- ✓ Over **1,000 miles** of pipe replaced
- ✓ **Five-year** rate case hiatus

Regulatory Mechanisms

- ✓ **Weather Normalization**
- ✓ **Tax Repair**



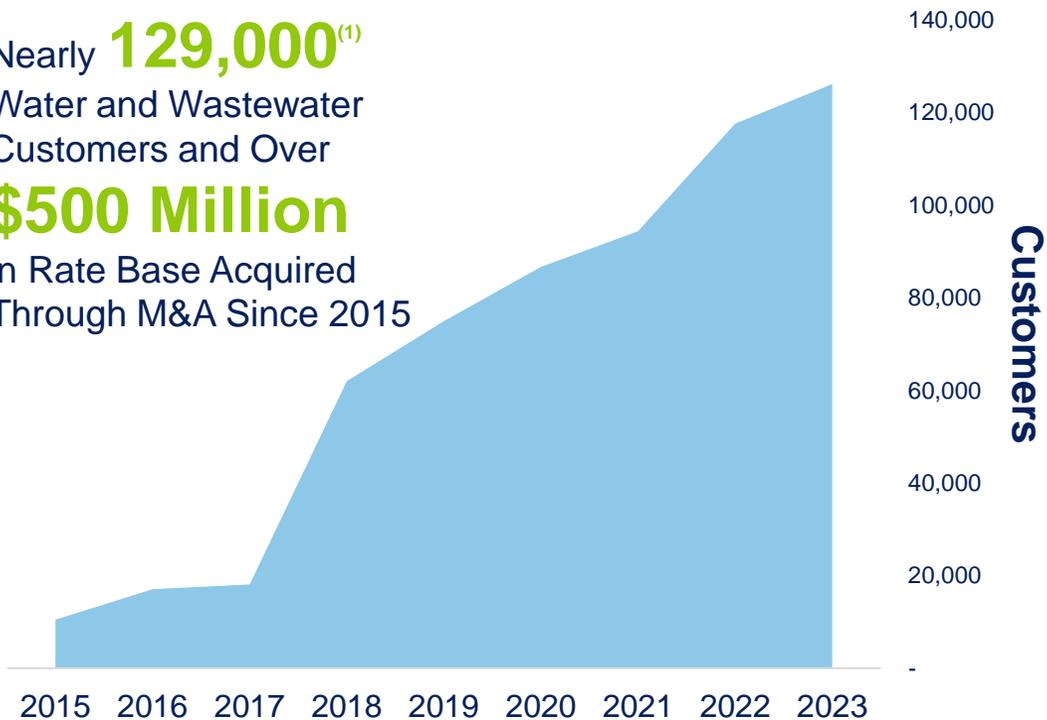
Christopher Franklin

Chairman and Chief
Executive Officer

Continued Water and Wastewater Acquisition Success

Cumulative Additions of Customers Through Acquisitions Since 2015

Nearly **129,000⁽¹⁾**
Water and Wastewater
Customers and Over
\$500 Million
in Rate Base Acquired
Through M&A Since 2015



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

2023 Acquisitions



NORTH HEIDELBERG

- Wastewater
- 275 customers
- \$0.1M purchase price
- Closed March 31, 2023



UNION ROME

- Wastewater
- 5,300 customers⁽¹⁾
- \$25.5M purchase price
- Closed June 30, 2023



SHENANDOAH

- Water
- 3,000 customers
- \$12M purchase price
- Closed July 24, 2023



SOUTHERN OAKS

- Water
- 740 customers
- \$3.33M purchase price
- Closed July 31, 2023



VILLAGE OF FRANKFORT

- Water/Wastewater
- 711 / 711 customers
- \$1.4M purchase price
- Closed July 31, 2023



VILLAGE OF LA RUE

- Water
- 290 customers
- \$2.25M purchase price
- Closed July 31, 2023

11,025⁽¹⁾
Total Customers

\$44.6M
Total Purchase Price

Pending Municipal Transactions

~\$380M of Pending Rate Base is Expected to Generate
~\$19M of Incremental Annual Earnings Potential⁽¹⁾

Over 215,000⁽²⁾
Total Customers

~\$380.0M
Total Purchase Price

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



DELCORA

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



BEAVER FALLS

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



GREENVILLE

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



WESTFIELD HOA

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



GREENVILLE

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



NORTH VERSAILLES

- Wastewater
- 4,400 customers
- \$30.0M purchase price⁽³⁾

(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.

01

INFRASTRUCTURE INVESTMENTS

- Driving rate base growth in the near term
- Weighted towards regulated water segment

02

RETURN CASH TO SHAREHOLDERS

- Consistent record of dividend increases 33 times in the last 32 years

03

ACQUISITIONS

- Fueling long-term rate base growth
- Long-term opportunities to invest capital and spread fixed costs

Well positioned to deliver value across the short and long-term horizon

Robust Capital Allocation Program Drives Value for All Stakeholders

2024 Priorities

Operational Excellence



- Provide tangible improvement in the service we provide our customers
- Build on leadership position related to PFAS treatment
- Continue to optimize operating expenses using technology and expertise
- Maximize progress on sustainability commitments
- Continue to enhance employee experience

Growth



- Execute our capital program of between \$1.3 to \$1.4 billion for over 5,000 projects planned
- Close and integrate signed pending acquisitions
- Announce additional municipal water and wastewater acquisitions

Regulatory



- Completion of the first base rate case under our ownership for our largest regulated natural gas subsidiary
- File the base rate case for our largest regulated water subsidiary
- Continue progression on Fair Market Value activity
- Advance key industry legislation

Guidance Outlook

<h2>Growth Targets</h2>	FY 2024 net income per diluted common share target of \$1.96 - \$2.00	Regulated utility rate base CAGR of 8% through 2028	\$1.3 to \$1.4B infrastructure investment for 2024	Infrastructure investments of ~\$7.2B , weighted towards regulated water through 2028
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<h2>Aqua Targets</h2>	Segment rate base CAGR of approximately 8% through 2028		Segment customer base annual growth rate of between 2 and 3% over the long-term
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<h2>Peoples Targets</h2>	Segment rate base CAGR of approximately 10% through 2028	Segment customer base expected to be stable through 2024
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An aerial photograph of a serene lake, its water a vibrant turquoise color, surrounded by a thick forest of tall evergreen trees. The forest is lush and green, with sunlight filtering through the canopy. The lake's surface is calm, reflecting the surrounding greenery. A blue rectangular box is overlaid on the left side of the image, containing the word "Questions" in white text.

Questions

For More Information Contact:



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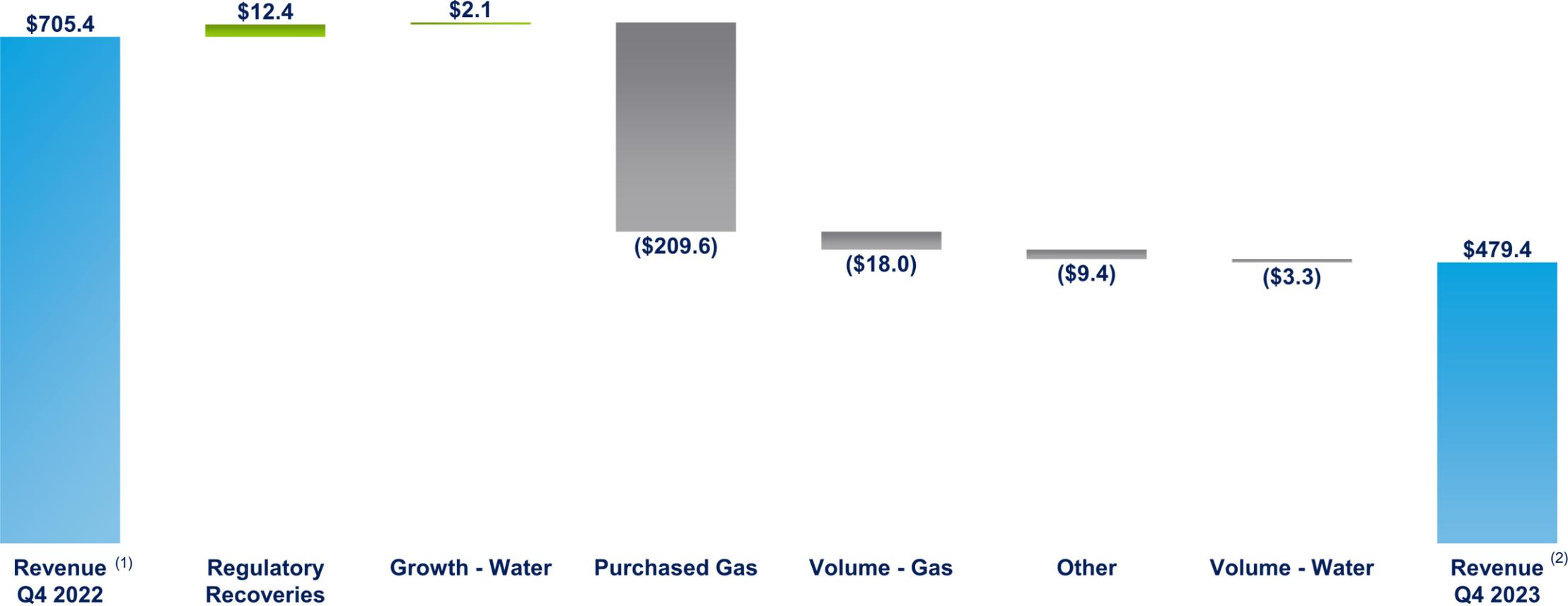


Appendix

Operating Revenues

Q4 2023 vs. Q4 2022

Change in Operating Revenues (millions)



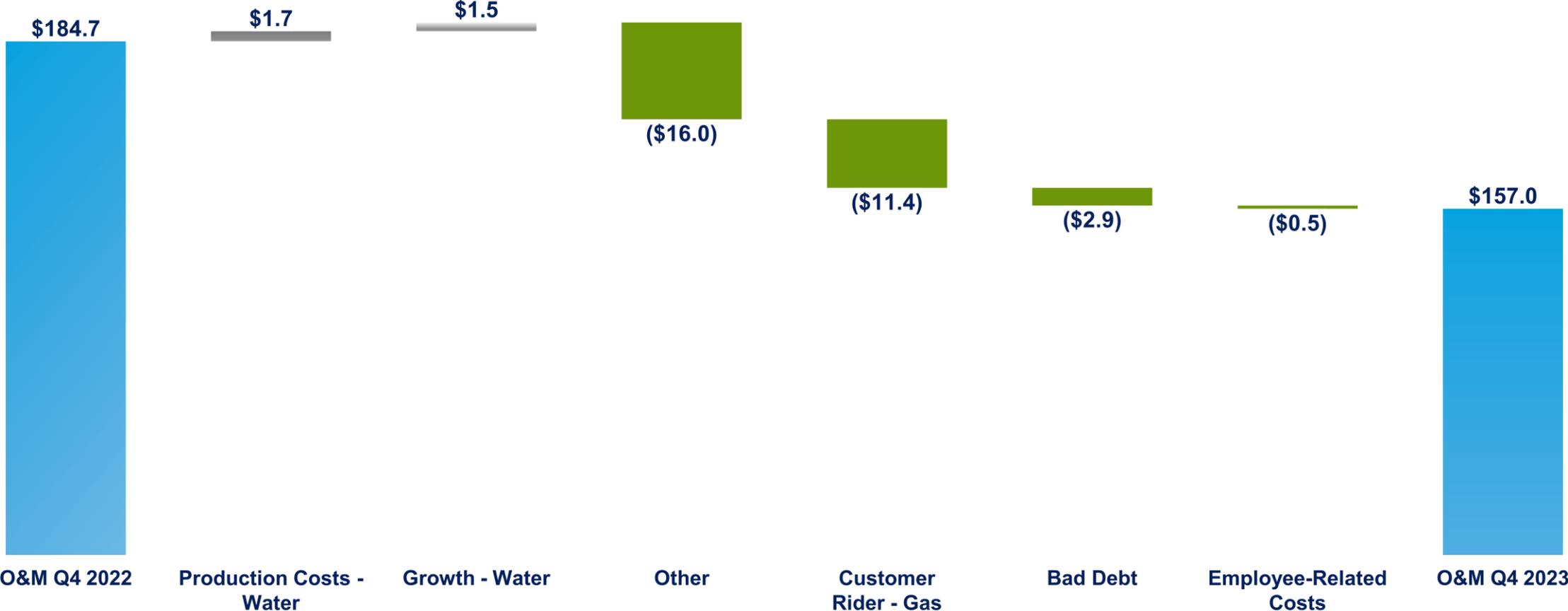
1) Includes \$247.1 of purchased gas.

2) Includes \$37.5 of purchased gas.

Operations & Maintenance Expenses

Q4 2023 vs. Q4 2022

Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

Q4 2023 vs. Q4 2022

Change in Earnings Per Share



2023 Regulatory Activity Completed

As of February 22, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,569
	22-1094-WW-AIR	Water	Rate Case	\$4,498
	22-1096-ST-AIR	Wastewater	Rate Case	\$352
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 ⁽¹⁾	\$2,632
	W-218, Sub 573	Wastewater	Rate Case – Year 2 ⁽¹⁾	\$1,111
	W-218, Sub 573	Water	Rate Case – Year 3 ⁽²⁾	\$2,820
	W-218, Sub 573	Wastewater	Rate Case – Year 3 ⁽²⁾	\$1,310
Pennsylvania		Gas	Surcharge	\$20,887
	M-2023-3041386	Water	Surcharge	\$867
	M-2023-3041418	Wastewater	Surcharge	\$63
	M-2023-30343171	Water	Surcharge	\$5,477
	M-2023-3043200	Wastewater	Surcharge	(\$73)
New Jersey	WR22050360	Water	Surcharge	\$2,173
Kentucky	2022-00341	Gas	Surcharge	\$385
Texas	53428	Water	Surcharge	\$6,010
	53428	Wastewater	Surcharge	\$2,378
			Total	\$68,527

1) Rates effective 1/1/2024.

2) Rates effective 1/1/2025.

2024 Regulatory Activity Completed

As of February 22, 2024

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,627
Pennsylvania	M-2023-3045036	Water	Surcharge	\$5,189
	M-2023-3045037	Wastewater	Surcharge	\$192
		Gas	Surcharge	\$20,887
Illinois		Water	Surcharge	\$1,497
		Wastewater	Surcharge	\$567
Kentucky	2023-00343	Gas	Surcharge	\$1,220
			Total	\$31,179

Regulatory Activity Pending

As of February 22, 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
Texas		Water	Surcharge	\$4,688
		Wastewater	Surcharge	\$4,111
Total				\$199,258

State by State Comparison of Services

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
TOTAL	\$6,879,040	923,596	190,119	1,113,715

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

Healthy Balance Sheet Supports Equity Requirements

STABLE CREDIT RATINGS

MOODY'S

Baa2 Issuer **Baa2** Issuance

S&P Global
Ratings

A Issuer **A-** 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