



## Essential Utilities to Report Earnings for Q4 and Full-Year 2021 and Announces Long-Term 2022 Guidance Outlook

February 3, 2022

*2022 annual earnings per share guidance range of \$1.75 to \$1.80*

*Infrastructure investments of \$3 billion through 2024*

*Reaffirms multiyear ESG commitments*

BRYN MAWR, Pa.--(BUSINESS WIRE)--Feb. 3, 2022-- Essential Utilities Inc. (NYSE: WTRG) today announces guidance, including earnings expectations, 3-year infrastructure investment plans, and reaffirmation of company's ESG commitments.

### 2022 Essential Financial and Growth Guidance

Essential continues to monitor the effects of the COVID-19 pandemic on its customers, employees and the business and will update guidance impacts from the pandemic in the future if needed. This guidance is based on the inclusion of signed water and wastewater acquisitions but does not factor in the impact of the expected continuation of significant water and wastewater customer growth from acquisitions.

The following is the company's 2022 full-year guidance:

- Net income per diluted common share of \$1.75 to \$1.80
- Continuation of the company's stated long-term earnings per share growth CAGR of 5 to 7% for the three-year period through 2024 based off the midpoint of the company's stated 2021 guidance range of \$1.64-1.69 earnings per share. The company expects to reaffirm the long-term earnings per share growth guidance after the completion of significant regulatory processes this spring
- Regulated infrastructure investments of approximately \$1 billion annually through 2024, weighted towards the regulated water segment
- Regulated water segment rate base compound annual growth rate of 6 to 7% through 2024
- Regulated natural gas segment rate base compound annual growth rate of 8 to 10% through 2024
- Average annual regulated water segment customer (or equivalent dwelling units) growth of between 2 and 3% from acquisitions and organic customer growth
- Gas customer count stable for 2022

### ESG Guidance and Commitments

- Reduction of Scope 1 and Scope 2 greenhouse gas emissions by 60% by 2035 from our 2019 baseline
- Multiyear plan to increase diverse supplier spend to 15%
- Multiyear plan to reach 17% employees of color
- Multiyear plan to ensure that finished water does not exceed 13 parts per trillion (ppt) of PFOA, PFOS, and PFNA compounds

Essential is reaffirming its commitment to substantially reduce Scope 1 and 2 greenhouse gas emissions by 2035. This is achievable through extensive gas pipeline replacement, renewable energy purchasing, accelerated methane leak detection and repair, and various other currently planned initiatives. Essential also reaffirms its commitment to diversity, equity, and inclusion efforts to ensure the diversity of its employee base and suppliers reflects the diversity of its customer population. Since making these commitments, the company has already announced a 5% scope 1 and 2 emissions reduction towards our 60% reduction target, 14% of employees are people of color towards our 17% target, and almost 10% supplier diversity towards our 15% target.

"Our premium water and natural gas platform gives us a unique ability to deliver critical resources with a high degree of reliability and resiliency to the communities we serve. The long-term guidance we are issuing today reflects our confidence in our ability to deliver on our mission of providing essential natural resources to our water, wastewater, and natural gas customers. We are dedicated to growing our customer base through sustainable business practices, operational excellence, and acquisitions and by investing in the replacement of aging infrastructure, all while making significant reductions in Essential's overall environmental footprint," said Essential Chairman and Chief Executive Officer Christopher Franklin. "As we capitalize on our core competencies, we are confident in our ability to drive growth in earnings and deliver long-term value for our stakeholders."

### Water Utility Acquisition Growth

Essential's continued acquisition growth allows the company to provide safe and reliable water and wastewater service to an even larger customer base. In 2021, Essential acquired two water and wastewater systems and added approximately \$36.3 million in rate base and approximately 7,500 new customers to the company's footprint.

The company previously announced seven signed pending purchase agreements for additional water and wastewater systems that are expected to serve approximately 234,000 equivalent retail customers or equivalent dwelling units and total approximately \$468 million in purchase price in two of our existing states. This includes the company's agreement to acquire the Delaware County Regional Water Quality Control Authority (DELCORA) for \$276.5 million. DELCORA, a Pennsylvania sewer authority, serves approximately 198,000 equivalent dwelling units in the Philadelphia suburbs. Also included is the company's agreement to acquire the wastewater system from the City of Beaver Falls. This \$41.25 million acquisition of approximately 7,600 customer equivalents will be the first acquisition in western Pennsylvania, near the company's gas operations. In Dec. 2021, the company's regulated water subsidiary, Aqua Texas signed an asset purchase agreement for its second fair market value acquisition. The agreement to purchase The Southern Oaks Water System will add approximately 740 additional customer connections for a purchase price of for \$3.33 million.

The guidance announced today is based on the inclusion of these signed municipal water and wastewater acquisitions. The impact of significant municipal acquisitions from our pipeline of potential acquisitions, representing over 400,000 customer equivalents, is not included in our stated earnings, rate base or infrastructure investment guidance. Based on our proven acquisition track record of adding over 94,000 customers and over \$361 million in rate base since 2015, our current backlog of over \$471 million of signed pending acquisitions resulting in approximately 235,000 equivalent customers, and the current acquisition landscape, we are confident in our ability to continue to grow our water and wastewater customer base by 2-3% annually over the long-term, leading to strong long-term future earnings growth.

### **Essential Reaffirms 2021 Earnings Guidance**

The company expects to report earnings for the quarter and year ended Dec. 31, 2021, following market close on Feb. 23, 2022. The company also reaffirms 2021 earnings per share guidance of \$1.64-1.69.

Essential Utilities does not guarantee future results of any kind. Guidance is subject to risks and uncertainties, including, without limitation, those factors outlined in the "Forward Looking Statements" of this release and the "Risk Factors" section of the company's annual and quarterly reports filed with the Securities and Exchange Commission.

### **Earnings Call Information**

Essential Utilities Inc. (NYSE: WTRG) expects to report earnings for the quarter ended Dec. 31, 2021, and the full year 2021 following market close on Feb. 23, 2022. Management expects to provide an update on the company's financial outlook, capital investment, municipal acquisition program and ESG objectives.

Date: Feb. 24, 2022

Time: 11 a.m. EST (please dial in by 10:45 a.m.)

Webcast and slide presentation link: <https://www.essential.co/events-and-presentations/events-calendar>

Replay Dial-in #: 888.203.1112 (U.S.) & +1 719.457.0820 (International)

Confirmation code: 7024618

The company's conference call with financial analysts will take place on Thursday, Feb. 24, 2022, at 11 a.m. Eastern Standard Time. The call and presentation will be webcast live so interested parties may listen over the internet by logging on to [Essential.co](https://www.essential.co) and following the link for [Investors](#). The conference call will be archived in the Investor Relations section of the company's website for 90 days following the call. Additionally, the call will be recorded and made available for replay at 2 p.m. on Feb. 24, 2022, for 10 business days following the call. To access the audio replay in the U.S., dial 888.203.1112 (pass code 7024618). International callers can dial +1 719.457.0820 (pass code 7024618).

### **About Essential**

Essential is one of the largest publicly traded water, wastewater, and natural gas providers in the U.S., serving approximately 5 million people across 10 states under the Aqua and Peoples brands. Essential is committed to excellence in proactive infrastructure investment, regulatory expertise, operational efficiency, and environmental stewardship. The company recognizes the importance water and natural gas play in everyday life and is proud to deliver safe, reliable services that contribute to the quality of life in the communities it serves. For more information, visit <http://www.essential.co>.

### **Forward-Looking Statements**

This release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others: the guidance range of net income per diluted common share for the fiscal years ending in 2021 and 2022; the continuation of the three-year period of earnings growth through 2024; the anticipated amount of capital investment in 2022; the anticipated amount of capital investment from 2022 through 2024; the reduction of Scope 1 and Scope 2 greenhouse gas emissions by 60% by 2035; that the Company's pipeline replacement program will lead to significant methane reductions; that the Company's municipal growth pipeline is strong; that the Company will help solve the nation's infrastructure challenge; the company's ability to increase diverse supplier spend to 15%; the company's ability to achieve 17% employees of color; the company's anticipated rate base growth from 2022 through 2024; and, the company's ability to accelerate the replacement of aged gas pipes. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: disruptions in the global economy; financial and workforce impacts from the COVID-19 pandemic; potential disruptions in the supply chain for raw and finished materials; the continuation of the company's growth-through-acquisition program; general economic business conditions; housing and customer growth trends; unfavorable weather conditions; the success of certain cost-containment initiatives; changes in regulations or regulatory treatment; the company's ability to successfully close municipally owned systems presently under agreement; and other factors discussed in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q, which are filed with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Essential's business, please refer to Essential's annual, quarterly, and other SEC filings. Essential is not under any obligation - and expressly disclaims any such obligation - to update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

WTRGF

Brian Dingerdissen  
Essential Utilities Inc.  
Investor Relations  
O: 610.645.1191  
[BJDingerdissen@Essential.co](mailto:BJDingerdissen@Essential.co)

Erin O'Donnell  
Communications and Marketing  
Media Hotline: 1-877-325-3477  
[Media@essential.co](mailto:Media@essential.co)

Source: Essential Utilities Inc.