



Essential[™]
UTILITIES

EARNINGS CALL

Full Year 2022

February 27, 2023

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

Company Update

Chris Franklin

Chairman, Chief Executive Officer,
and President



Corporate Highlights

\$1.77
Earnings Per
Share for 2022

Infrastructure
Investment of
\$1.06B

7.9%
Rate Base
Growth

Three
Closed
Acquisitions⁽¹⁾

2.7%
Water Segment
Customer
Growth

Pending
Acquisition of
Nine Systems⁽²⁾

(1) Purchase prices totaling \$120.4M

(2) Purchase prices totaling \$379.7M

ESG Progress and Recognition

Progress on Commitments Through 12/31/2022



GHG Emissions Reduction: By 2035, Essential will achieve a 60% Scope 1 and 2 greenhouse gas emissions reduction, from a 2019 baseline

Achieved an estimated 23% GHG reduction*



Managing Contaminants of Emerging Concern: Industry-leading multi-year plan to ensure that finished water does not exceed 13 parts per trillion (ppt) of PFOA, PFOS, and PFNA compounds across all states served by our regulated water segment



Employee Diversity: Multi-year goal to reach 17% employees of color

Reported 16% of Essential employees are people of color



Supplier Diversity: Multi-year goal to increase diverse supplier controllable spend to 15%

Commitment achieved with >15% of Essential's controllable spend with diverse suppliers

Financial Results

Dan Schuller

Executive Vice President,
Chief Financial Officer



Q4 Financial Highlights

As of December 31, 2022

<i>In millions except per share</i>	Q4 2021	Q4 2022
Operating Revenues	\$535.7	\$705.4
Purchased Gas	\$137.7	\$247.1
Operations and Maintenance Expense	\$158.6	\$184.7
Operating Income	\$139.6	\$170.0
Net Income	\$116.5	\$114.9
Net Income per Share	\$0.44	\$0.44

Revenues

- Additional revenues from higher purchased gas costs, regulatory recoveries, increased volume and regulated water segment customer growth were the main drivers for the quarter

O&M

- Added acquisitions, increased maintenance expenses, higher water production costs and employee-related costs were the main drivers for the quarter
-

Full Year Financial Highlights

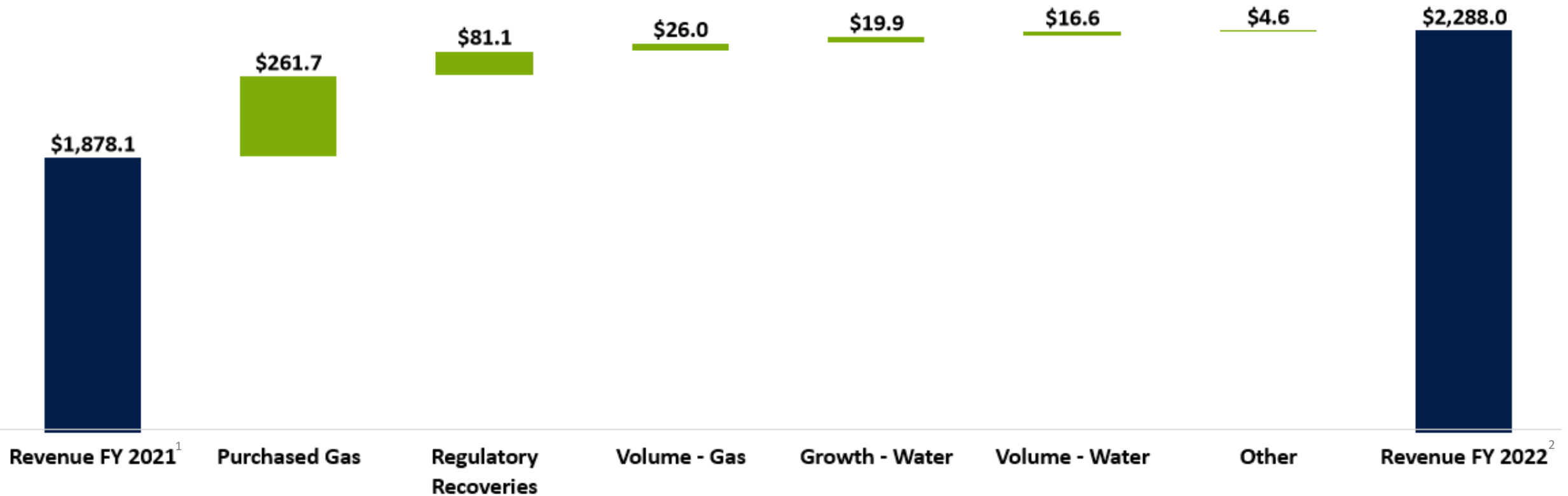
As of December 31, 2022

<i>In millions except per share</i>	YTD 2021	YTD 2022	Percent Change
Operating Revenues (GAAP)	\$1,878.1	\$2,288.0	↑ 21.8%
Purchased Gas	\$340.3	\$602.0	↑ 76.9%
Operations and Maintenance Expense	\$550.6	\$613.6	↑ 11.5%
Operating Income	\$602.7	\$661.2	↑ 9.7%
Net Income	\$431.6	\$465.2	↑ 7.8%
Net Income per Share	\$1.67	\$1.77	↑ 6.0%

Operating Revenues

FY 2022 vs. FY 2021

Change in Operating Revenues (millions)



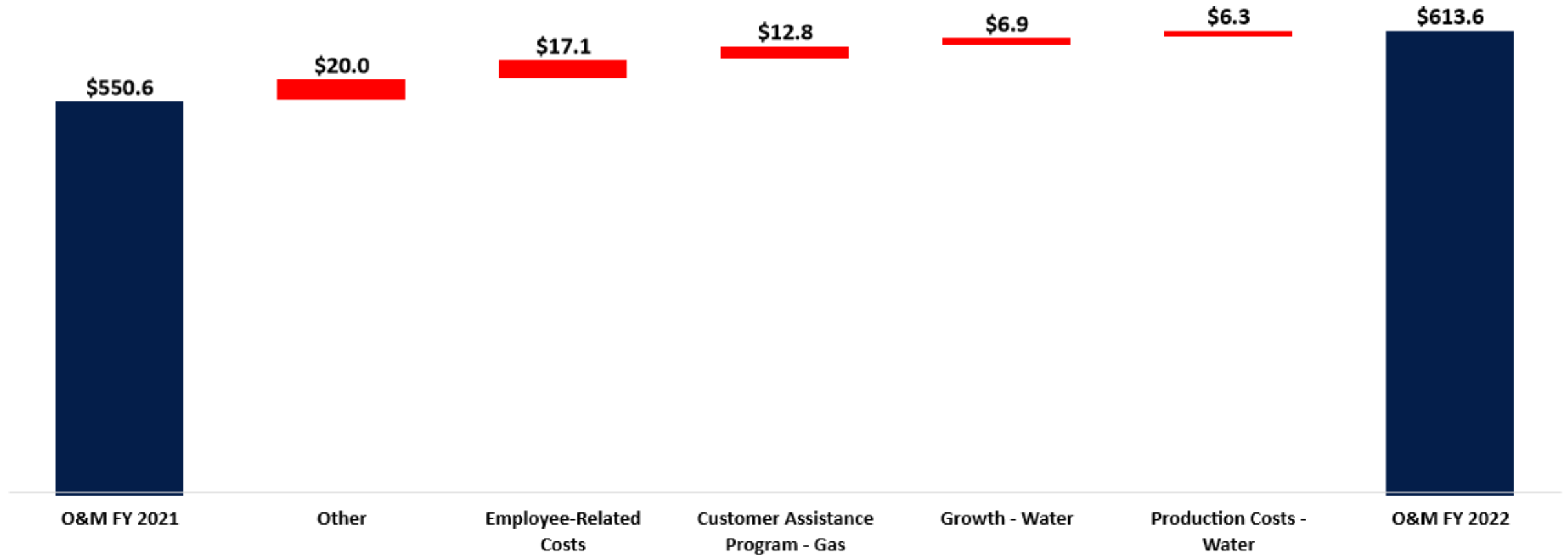
¹ Includes \$340.3 of purchased gas.

² Includes \$602.0 of purchased gas.

Operations & Maintenance Expenses

FY 2022 vs. FY 2021

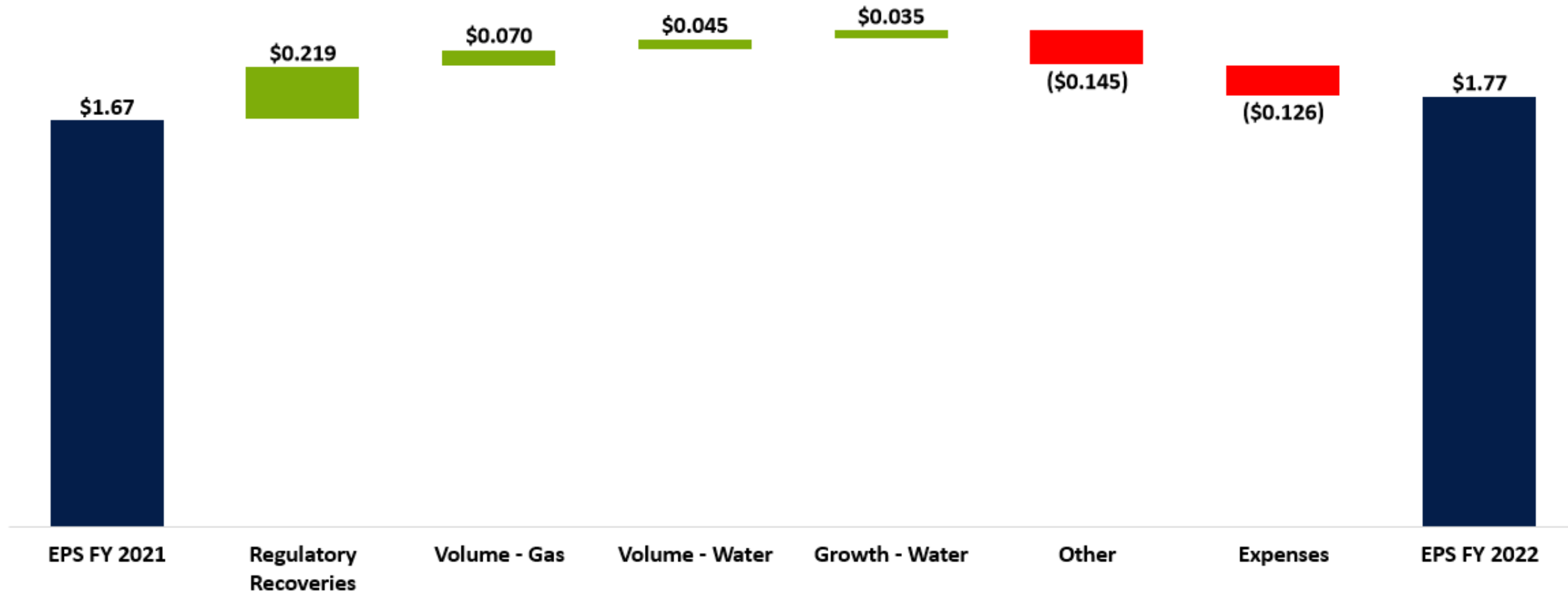
Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

FY 2022 vs. FY 2021

Change in Earnings Per Share



Regulatory Activity

As of 2/26/2023

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

2023 Completed Rate Cases and Surcharges

Water segment base rate cases or surcharges in IL, IN and OH with annualized revenue increase of \$3.6 million

No completed gas segment base rate cases or surcharges

Pending Rate Cases and Surcharges

Water segment base rate cases or surcharges in NC, OH, TX and VA with requested annualized revenue increase of \$46.0 million

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

Acquisition Growth and 2023 Guidance

Chris Franklin

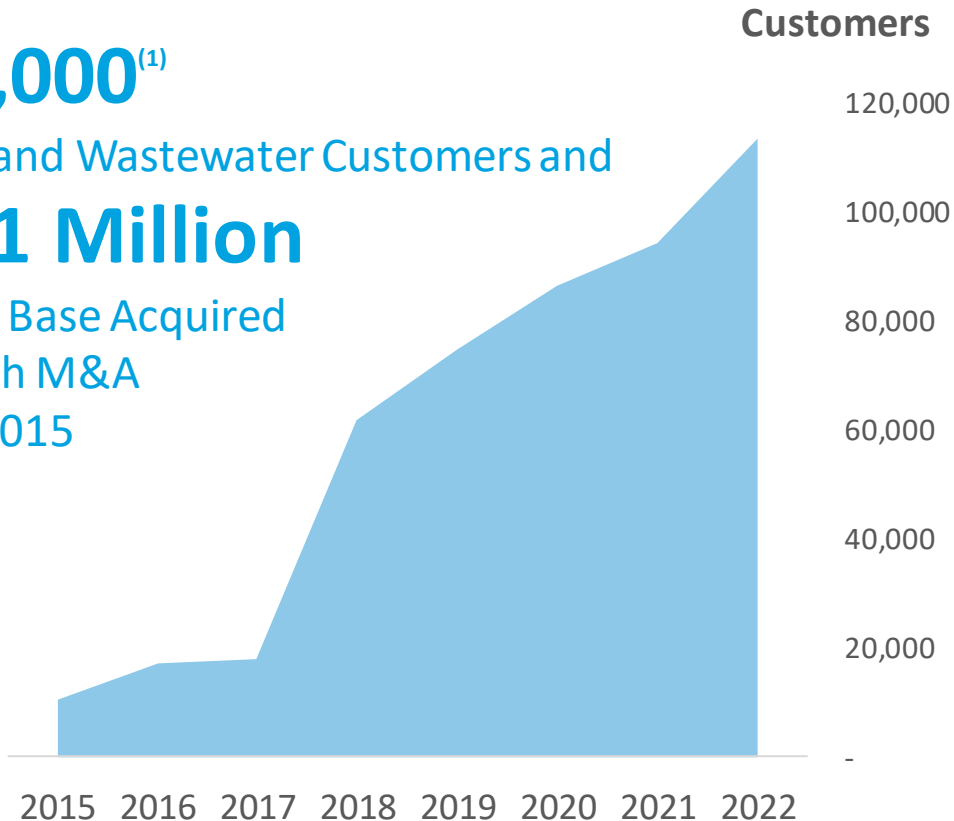
Chairman, Chief Executive Officer,
and President



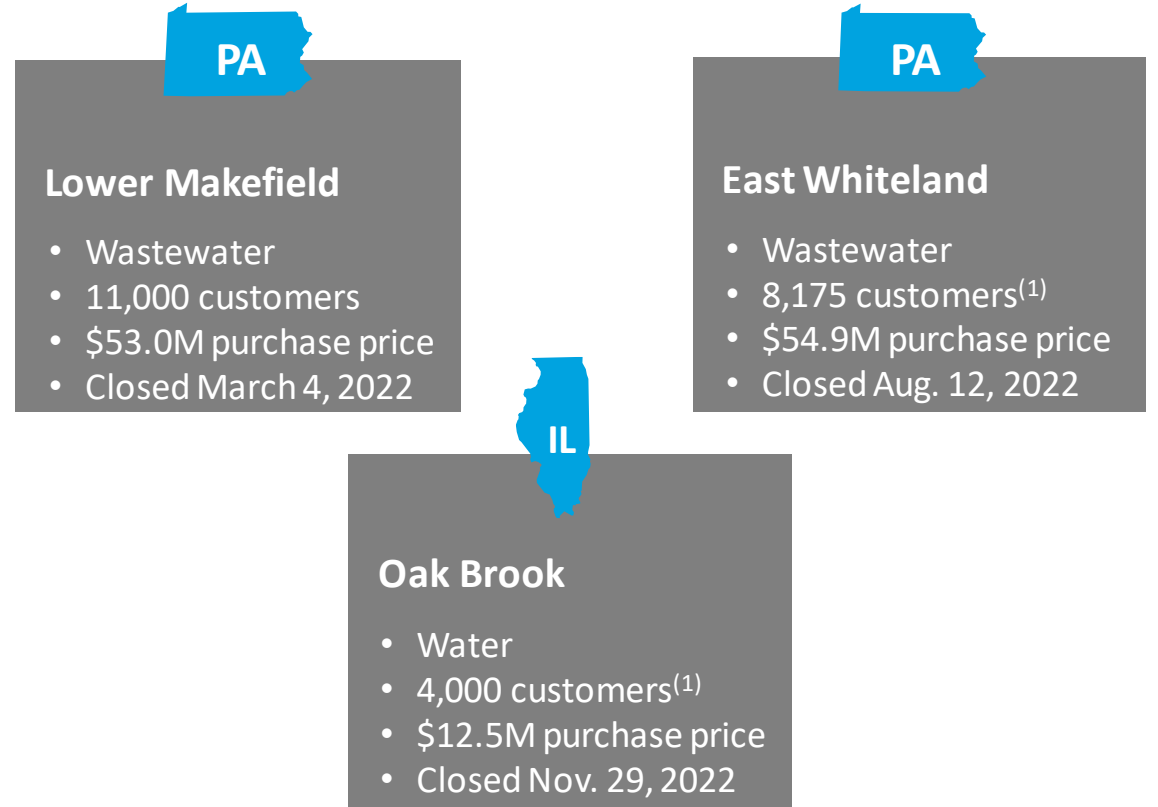
Continued Water and Wastewater Acquisition Success

Cumulative Additions of Customers Through Acquisitions Since 2015

Nearly **118,000⁽¹⁾** Water and Wastewater Customers and **\$481 Million** in Rate Base Acquired Through M&A Since 2015



2022 Closed Acquisitions



23,175

Total Customers⁽¹⁾

\$120.4M

Total Purchase Price

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

Pending Municipal Transactions

~\$380M of pending rate base is expected to generate ~\$19M of incremental annual earnings potential⁽¹⁾

Nearly 219,000⁽²⁾ Total Customers

\$379.7M 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

Shenandoah

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

PA

Beaver Falls

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

TX

Southern Oaks

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

IL

Village of Frankfort

- Water/Wastewater
- 711 / 711 customers
- \$1.4M purchase price

OH

Union Rome Sewer

- Wastewater
- 5,300 customers
- \$25.5M purchase price

OH

Village of La Rue

- Water
- 290 customers
- \$2.25M purchase price

Active Municipal Opportunities

Size
Range
(Approx. # of
Customers)



Total
Customers
(Approx. # of
Customers)



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

Over 400,000

Total Customers

2023 Priorities

Integration



- Continue to build on the benefits of our infrastructure platform
- Implement integration plans for pending municipal acquisitions

Growth



- Execute a \$1.1B capital program
- Close and integrate signed pending acquisitions
- Announce at least 20,000 EDU's from Municipal Acquisitions

Operational Excellence



- Continue to enhance customer and employee experiences
- Control operating expenses using technology and expertise
- Continue progress on ESG commitments
- Advance key industry legislation

2023 Guidance⁽¹⁾

Earnings	Capex	Rate Base	Customer Growth	ESG
<ul style="list-style-type: none"> In 2023, net income per diluted common share will be \$1.85 to \$1.90 Through 2025, earnings per share will grow at a compounded annual growth rate of 5 to 7%, based off the company's 2022 earnings per share of \$1.77 	<ul style="list-style-type: none"> Through 2025, we will make regulated infrastructure investments of approximately \$1.1 billion annually, weighted towards the regulated water segment; an increase of approximately \$100 million annually from the current plan 	<ul style="list-style-type: none"> Through 2025, the regulated water segment rate base will grow at a compounded annual rate of 6 to 7% Through 2025, the regulated natural gas segment rate base will grow at a compounded annual rate of 8 to 10% 	<ul style="list-style-type: none"> The regulated water customer base (or equivalent dwelling units) of the business will grow at an average annual growth rate of between 2 to 3% from acquisitions and organic customer growth Excluding the divestiture of West Virginia, the regulated natural gas customer base of the business will be stable in 2023 	<ul style="list-style-type: none"> Reduction of Scope 1 and 2 greenhouse gas emissions by 60% by 2035 from the company's 2019 baseline Multi-year plan to ensure that finished water does not exceed 13 parts per trillion (ppt) of PFOA, PFOS, and PFNA compounds Multi-year plan to increase diverse supplier spend to 15% Multi-year plan to reach 17% employees of color

(1) Guidance includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2023 guidance was announced but does not include other potential municipal acquisitions from the company's list of acquisition opportunities. Guidance also does not include any impact from the recently announced agreement to sell its West Virginia natural gas utility, which is expected to close mid-year 2023, as it is not expected to materially impact guidance. The guidance is also based on the company's expectation that it will continue to issue equity on an as needed basis to support acquisitions and capital investment plans.

Questions?

Thank You for Attending Essential's Full Year 2022 Conference Call



**First Quarter 2023 Earnings
Conference Call and Webcast**

Tuesday, May 9, 2023

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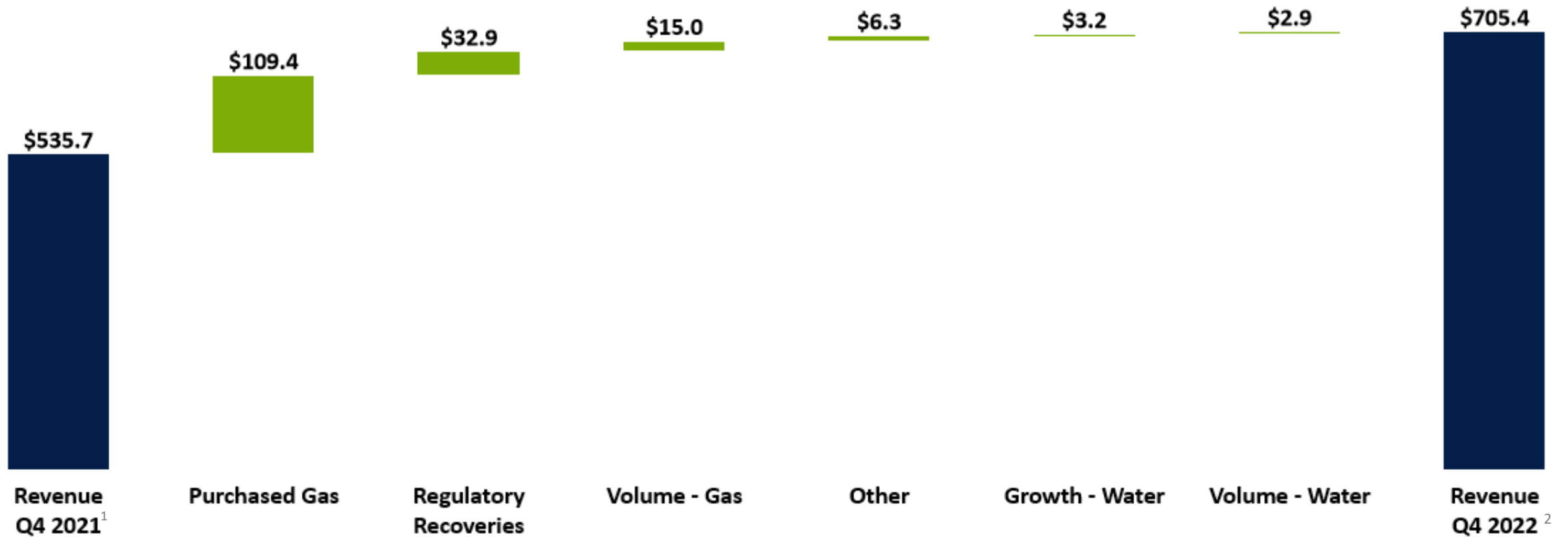
Appendix



Operating Revenues

Q4 2022 vs. Q4 2021

Change in Operating Revenues (millions)



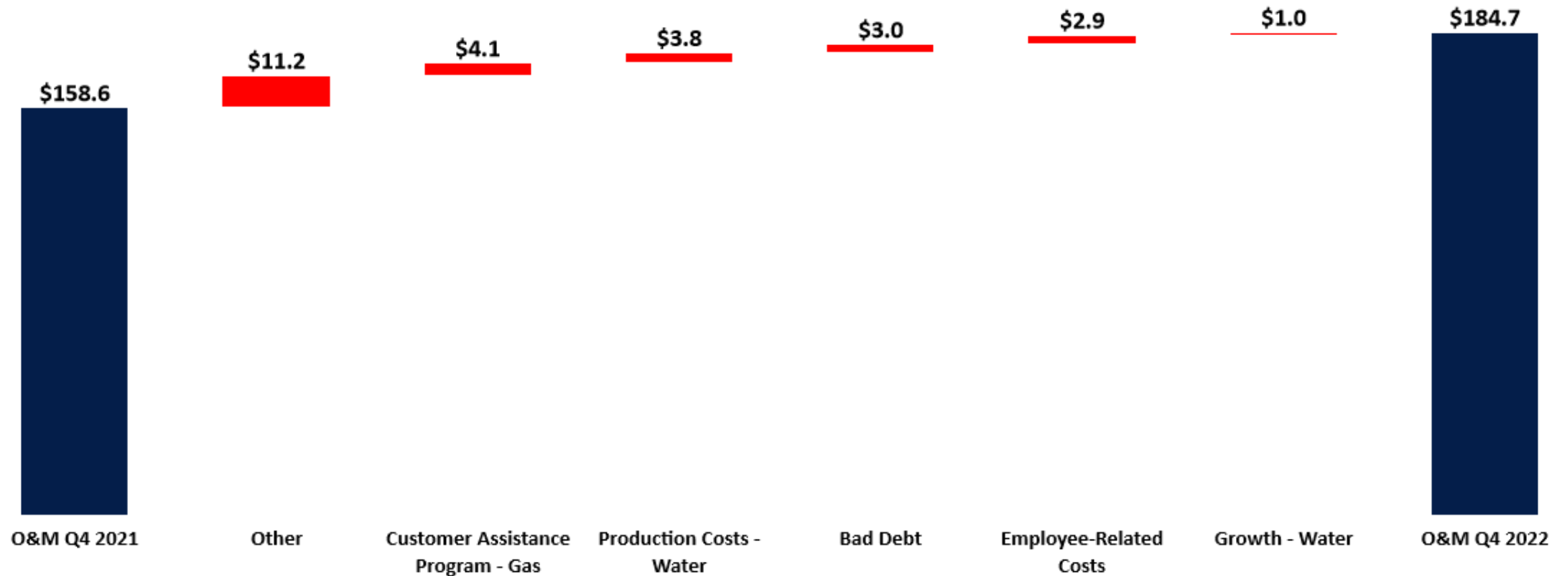
¹ Includes \$137.7 of purchased gas.

² Includes \$247.1 of purchased gas.

Operations & Maintenance Expenses

Q4 2022 vs. Q4 2021

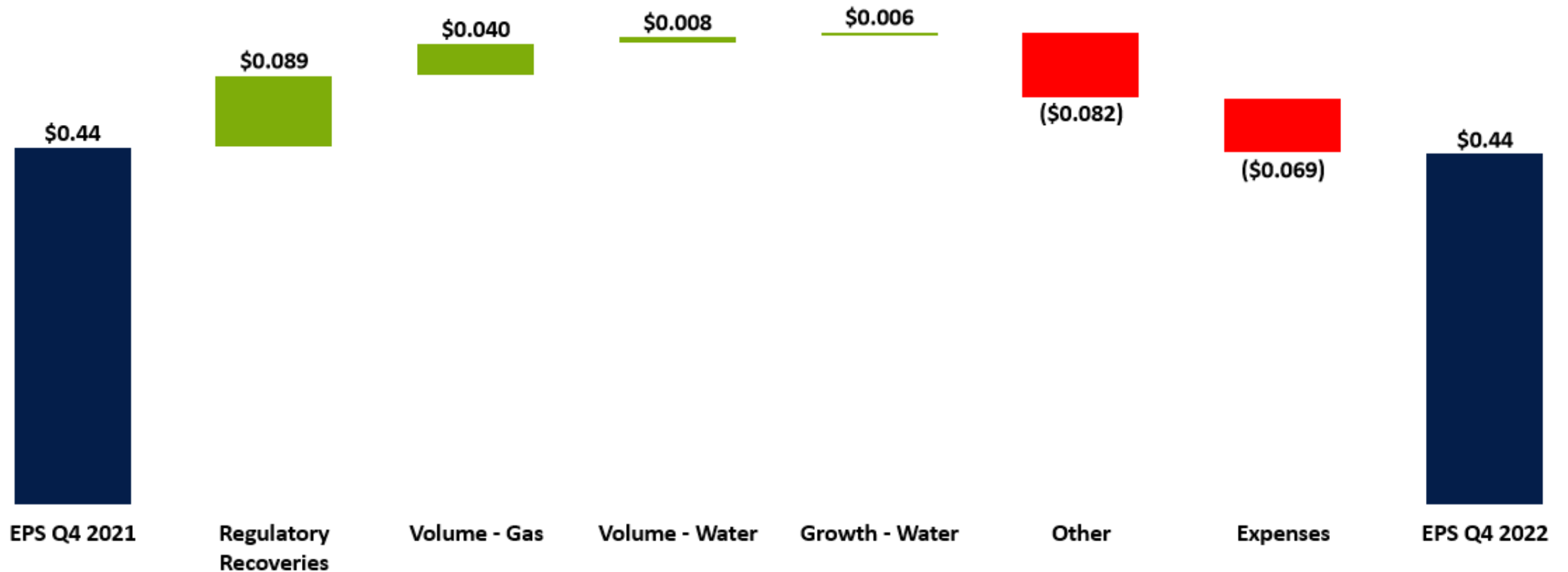
Change in Operations & Maintenance Expense (millions)



Earnings per Common Share

Q4 2022 vs. Q4 2021

Change in Earnings Per Share



2022 Regulatory Activity Completed

As of 12/31/2022

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

2023 Regulatory Activity Completed

As of 2/26/2023

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio		Water	Rate Case	\$1,603
Indiana		Wastewater	Rate Case	\$134
Illinois	N/A	Water	Surcharge	\$1,427
	N/A	Wastewater	Surcharge	\$420
			Total	\$3,583

Regulatory Activity Pending

As of 2/26/2023

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
Ohio	22-1094-WW-AIR	Water	Rate Case	\$9,364
	22-1096-ST-AIR	Wastewater	Rate Case	\$452
Kentucky	2022-00341	Gas	Surcharge	\$1,483
Total				\$47,486

State by State Comparison

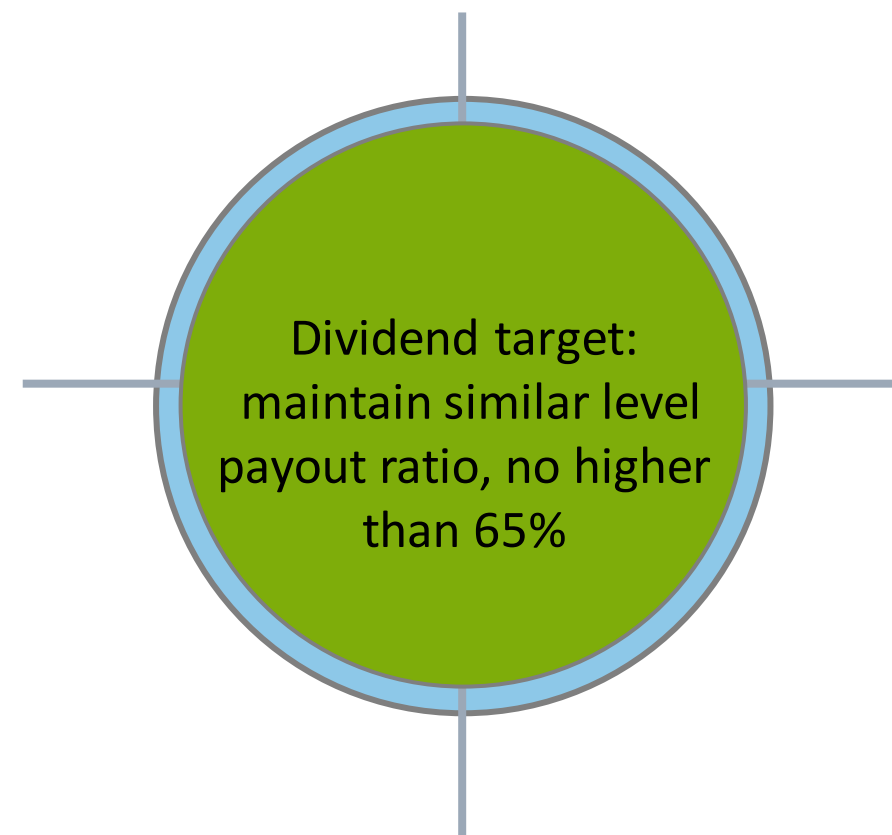
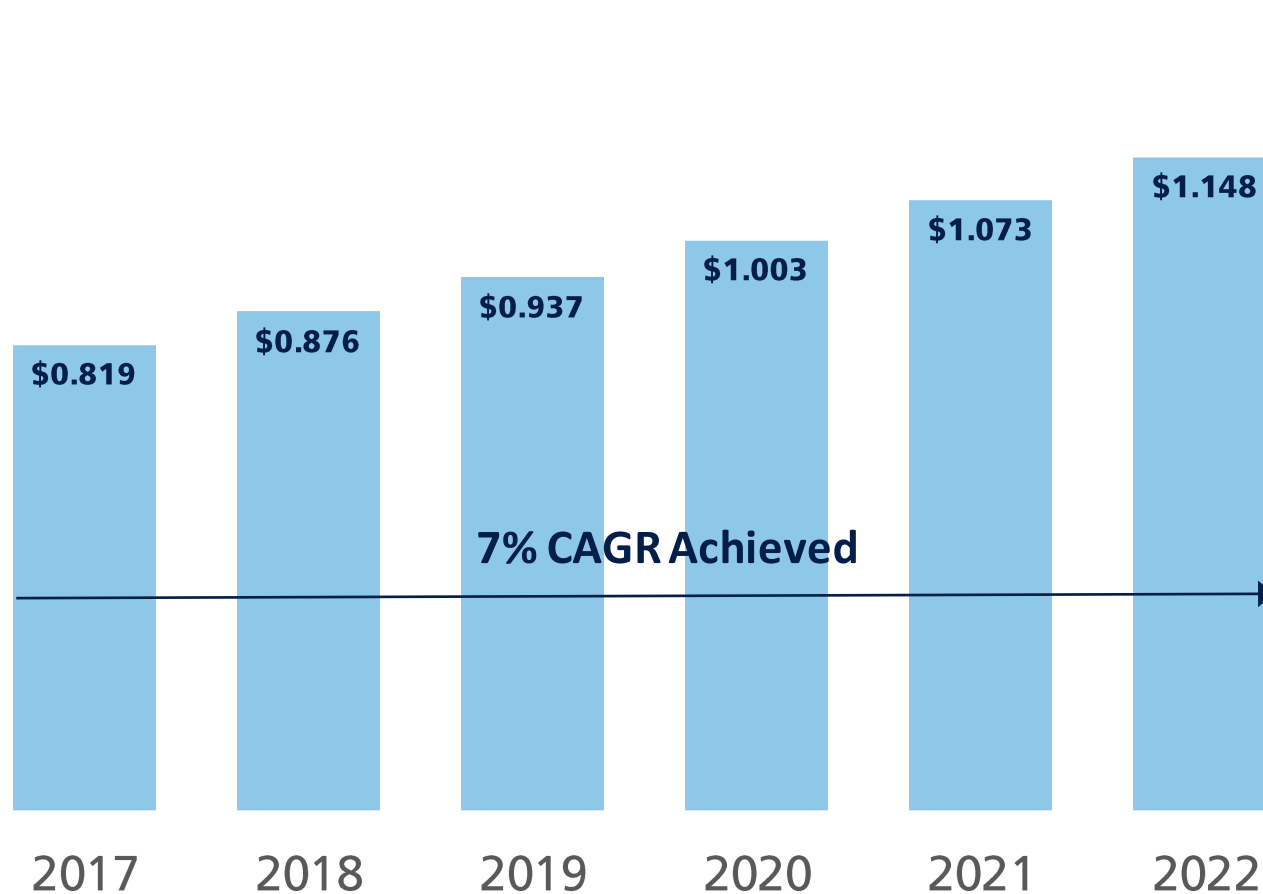
As of December 31, 2022

State	Rate Base (\$000s)	Water Connections	Wastewater Connections	Total Customers
PA	\$4,245,240	450,618	61,440	512,058
IL	\$485,191	68,834	23,605	92,439
OH	\$472,344	151,884	6,949	158,833
TX	\$451,354	72,817	22,273	95,090
NC	\$309,099	85,543	22,235	107,778
NJ	\$214,694	55,354	6,613	61,967
IN	\$110,546	1,431	30,293	31,724
VA	\$93,377	27,043	8,313	35,356
Total	\$6,381,846	913,524	181,721	1,095,245

State	Rate Base (\$000s)	Gas Connections
PA	\$2,737,318	702,862
KY	\$139,217	40,533
WV	\$29,970	12,946
Total	\$2,906,504	756,341

Dividend Growth Targeted In Line with EPS

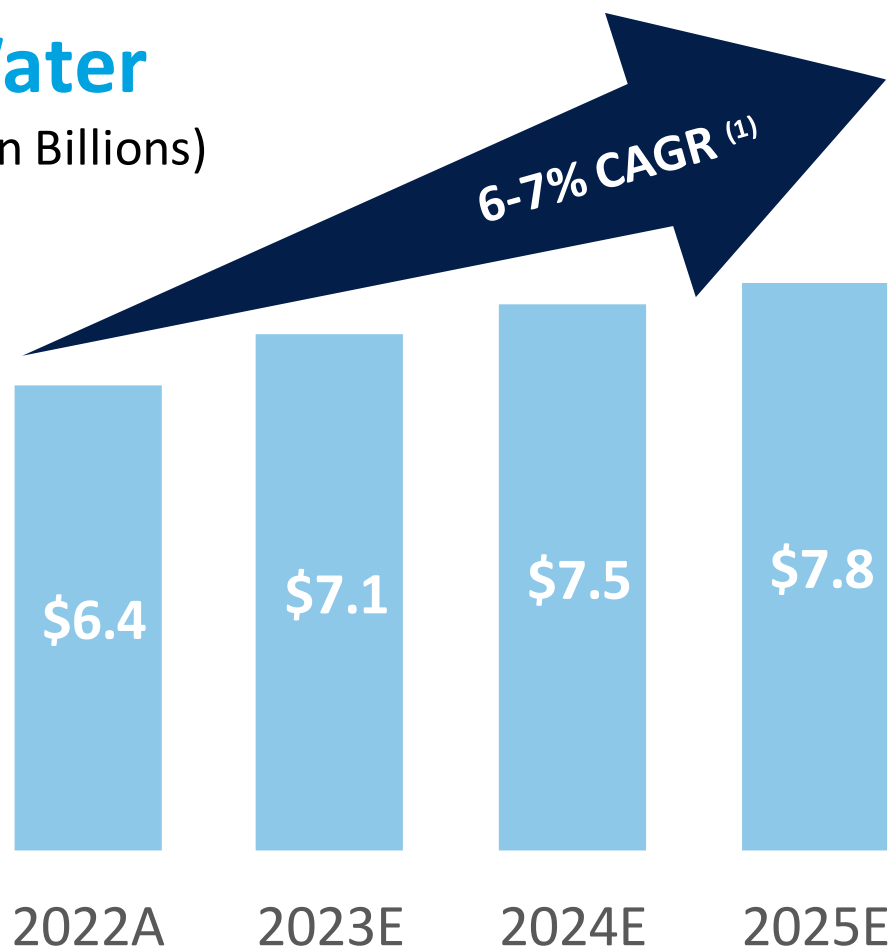
Dividends Per Share (Annualized)



Maximizing Rate Base Growth Potential

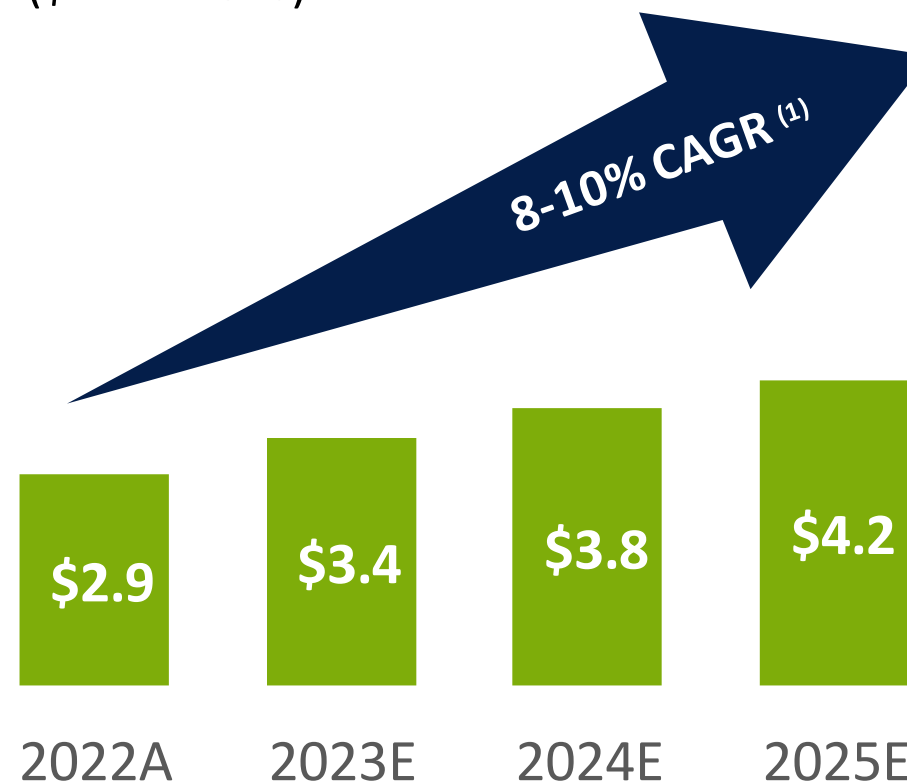
Water

(\$ in Billions)



Gas

(\$ in Billions)



"A" denotes Actual
"E" denotes Estimate

(1) Includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2023 guidance was announced but does not include other potential municipal acquisitions from the company's list of acquisition opportunities. Guidance also does not include any impact from the recently announced agreement to sell its West Virginia natural gas utility, which is expected to close mid-year 2023, as it is not expected to materially impact guidance

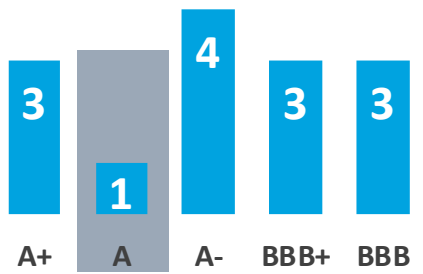
Strong Balance Sheet: Central to our Strategy



S&P Global Ratings

Issuer	Issuance
A	A-
A	A+
A	A

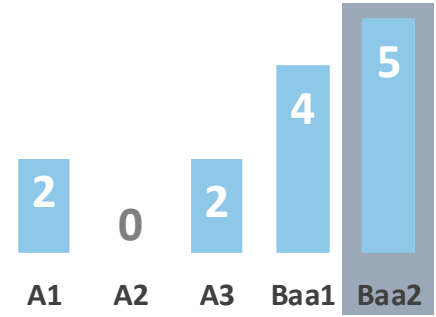
Peer Issuer Ratings⁽¹⁾



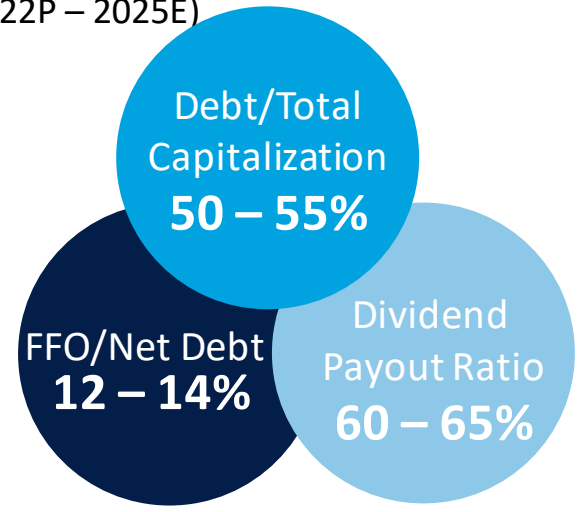
MOODY'S

Issuer	Issuance
Baa2	Baa2
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Baa1	Baa1

Peer Issuer Ratings⁽¹⁾



Select Credit Metrics (2022P – 2025E)



In order to maintain our credit metrics, achieve our 2023 capital investment plans and support signed acquisitions in our municipal acquisition program, we expect to regularly be in the market for debt and equity and expect to raise approximately \$400 million to \$500 million in equity and/or equity-linked securities over the next 12-18 months, subject to market conditions and timing of investment and acquisition needs.

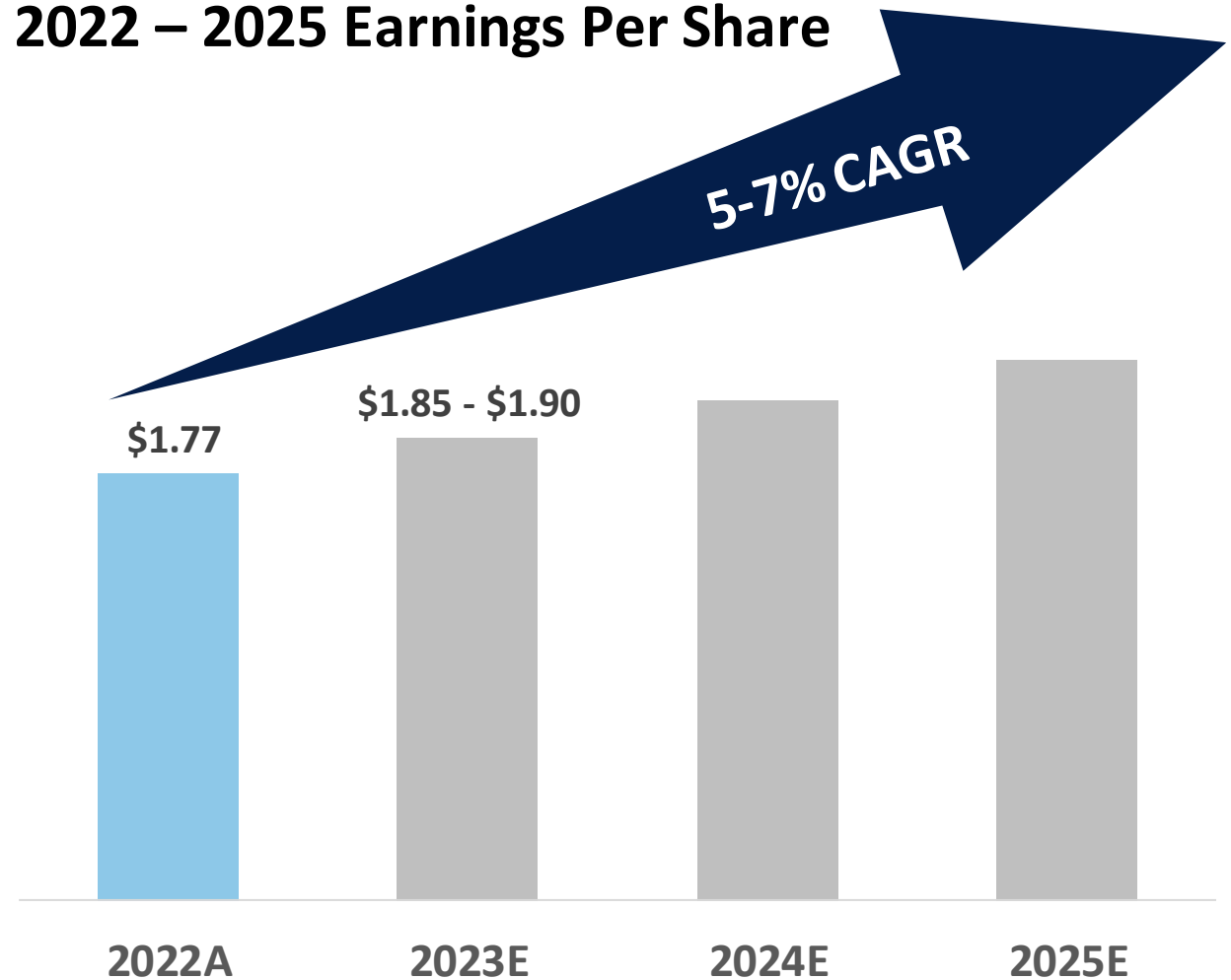
(1) Peer ratings include LNT, AWR, AWK, ATO, AVA, BKH, CWT, NJR, NI, NWE, OGE, OGS, SJI, SWX, and SR; not all peers have ratings from both agencies

"P" denotes Projected
"E" denotes Estimate

Earnings Guidance

2023 annual earnings per share guidance of \$1.85 to \$1.90

2022 – 2025 Earnings Per Share



"A" denotes Actual
"E" denotes Estimate