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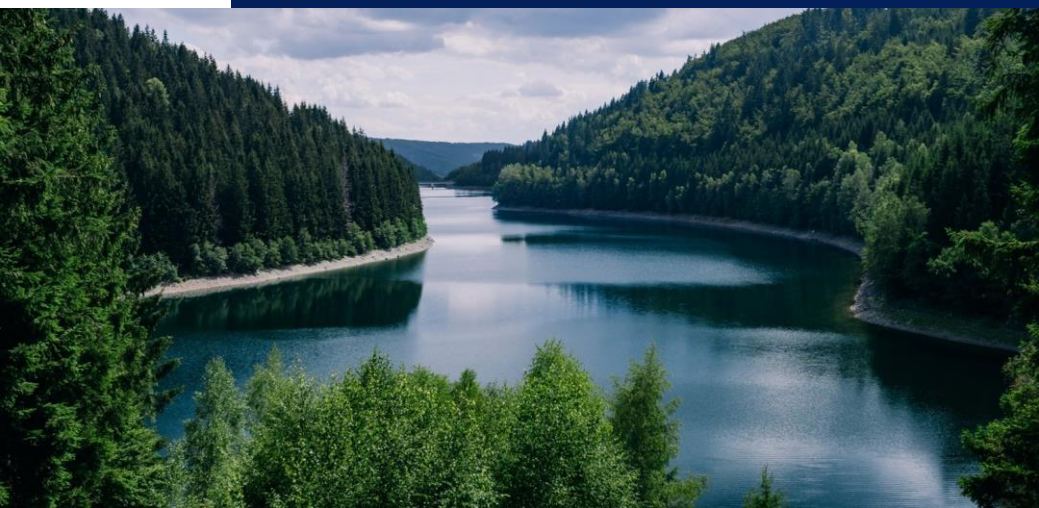
WTRG



Essential™

# Full Year 2024 Earnings Call

February 27<sup>th</sup>, 2025





# Daniel Schuller

—  
EVP,  
Chief Financial Officer

# 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](http://www.essential.co)



# Christopher Franklin

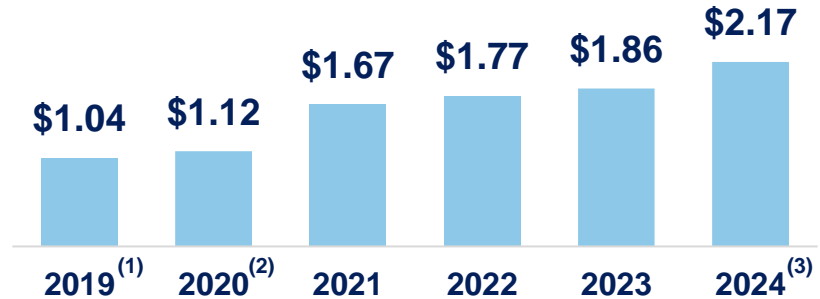
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Chairman and Chief  
Executive Officer

# 2024 Accomplishments

**\$2.17 GAAP**  
**Earnings**  
per Share

Diluted Income per Common Share (GAAP)

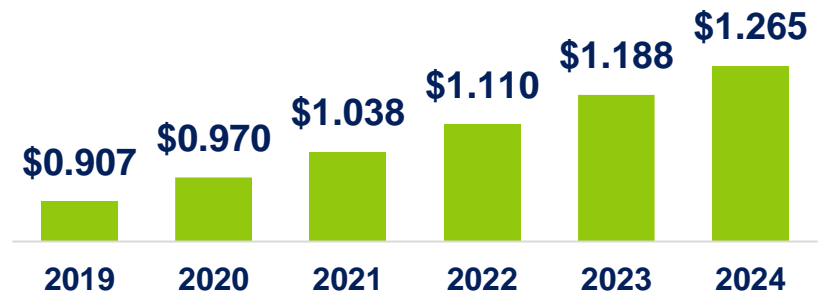


Record Infrastructure  
Investment of Over  
**\$1.3B**

Dividends Paid per Share

**6% Dividend**  
**Increase**

80<sup>th</sup> Consecutive Years  
of Dividend Payments



**\$93M Peoples**  
**Natural Gas Rate**  
**Case** Approved

1) 2019 Adjusted Income per Common Share (Non-GAAP) was \$1.47. 2019 adjusted for transaction costs and other items related to the Peoples transaction.

2) Includes Peoples' operating results as of the closing date of the Peoples acquisition on March 16, 2020. 2020 Adjusted Income per Common Share (Non-GAAP) was \$1.27. 2020 adjusted for transaction costs and other items related to the Peoples transaction.

3) 2024 Adjusted Income per Common Share (Non-GAAP) was \$1.97.

# Operational Achievements

Completed over Ten PFAS Treatment Facilities in 2024



Replaced over 370 Miles of Pipe in 2024<sup>(1)</sup>

Installed 30,000 Intelis Gas Meters at Peoples



1) Excludes abandoned miles.

# Dilapidated Systems under Receivership



**Wastewater Treatment Plant Building**  
Determined unsafe for entry and non-functioning



**Pump and Well House**  
Interim Emergency Order issued by PA PUC

Aqua Pennsylvania Appointed Receiver by the PA PUC of **10 Systems** Requiring Immediate Attention

Lack of **Continuous Infrastructure Investment** Leads to Failure of Systems

# Leading Today, Shaping Tomorrow

**Aqua PA Rate  
Case Approved**  
with a \$73M Revenue  
Increase

Reaffirms  
**5 – 7% Multi-Year  
EPS Guidance  
Through 2027<sup>(1)</sup>**

**\$1.4 – \$1.5B**  
Infrastructure  
Investment Planned for  
2025

**8+% Annual Rate  
Base Growth** Through  
2029

1) Excludes earnings contribution from DELCORA; from FY 2024 adjusted EPS of \$1.97 (Non-GAAP).



# Daniel Schuller

—  
EVP,  
Chief Financial Officer

# Full Year Financial Highlights

As of December 31, 2024

(\$ in millions, except per share data)	FY 2023	FY 2024
<b>Operating Revenues</b>	<b>\$2,053.8</b>	<b>\$2,086.1</b>
<b>Purchased Gas</b>	<b>\$352.3</b>	<b>\$277.0</b>
<b>Operations and Maintenance Expense</b>	<b>\$575.5</b>	<b>\$587.3</b>
<b>Operating Income</b>	<b>\$692.1</b>	<b>\$757.7</b>
<b>Net Income</b>	<b>\$498.2</b>	<b>\$595.3</b>
<b>Net Income per Share (GAAP)</b>	<b>\$1.86</b>	<b>\$2.17</b>

## Revenues

- Rates and surcharges and increased water sales were the primary drivers of the increase in full year revenues and were offset by the positive impact of lower purchased gas costs.

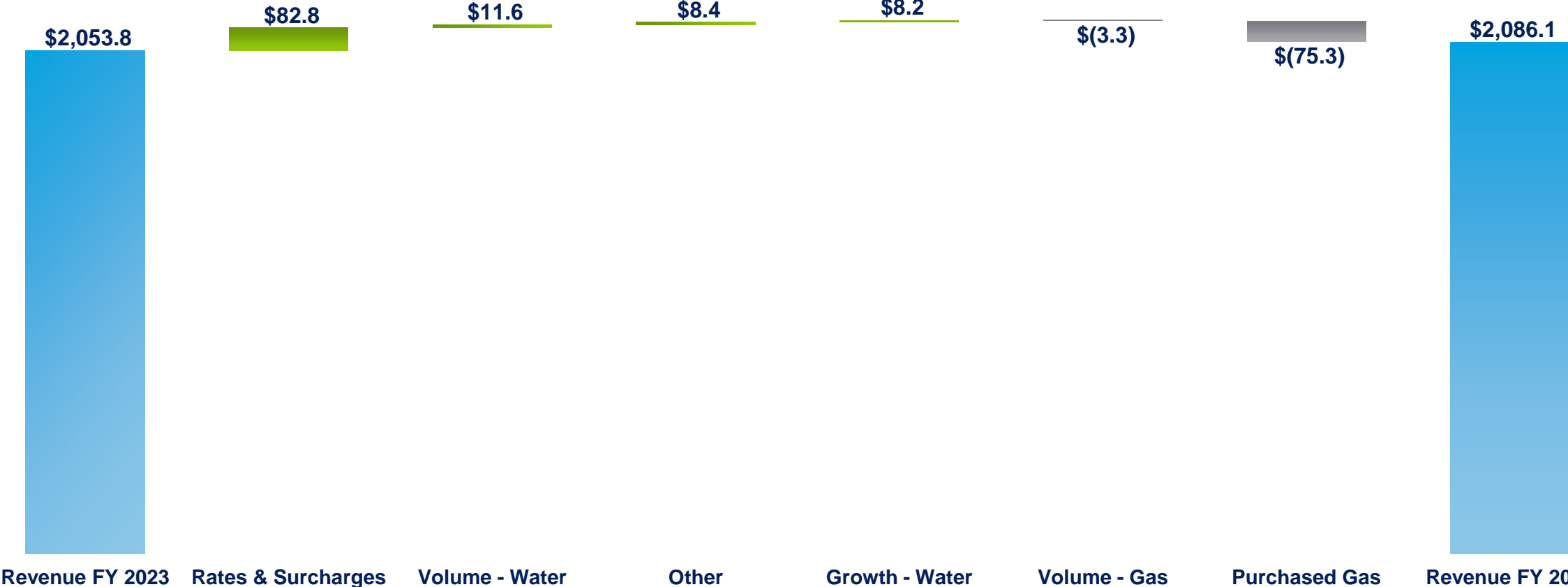
## O&M

- A decrease in bad debt expense, and a decrease in expenses compared to the prior year reflecting both the sales of the West Virginia gas utility assets and energy plants sold earlier in 2024 were offset by increased customer surcharges related to the regulated gas business, employee-related expenses, production costs, and growth on the water side.

# Operating Revenues

FY 2024 vs. FY 2023

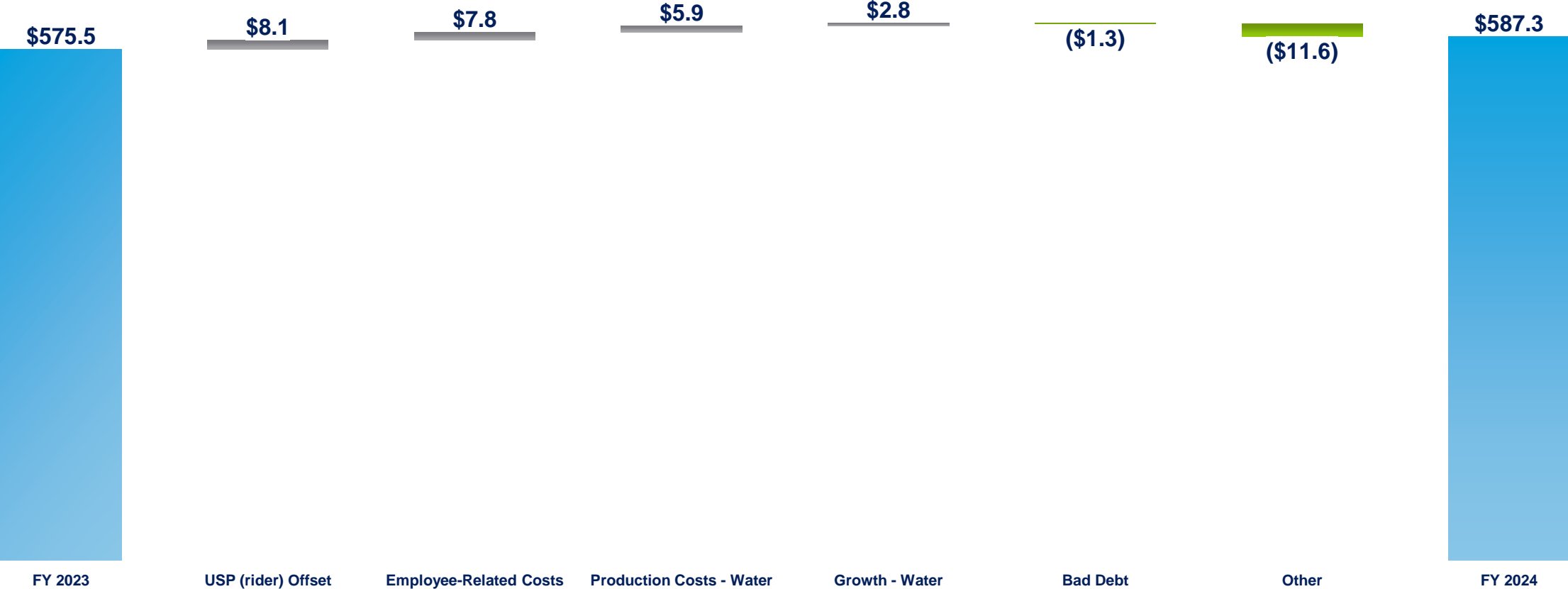
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

FY 2024 vs. FY 2023

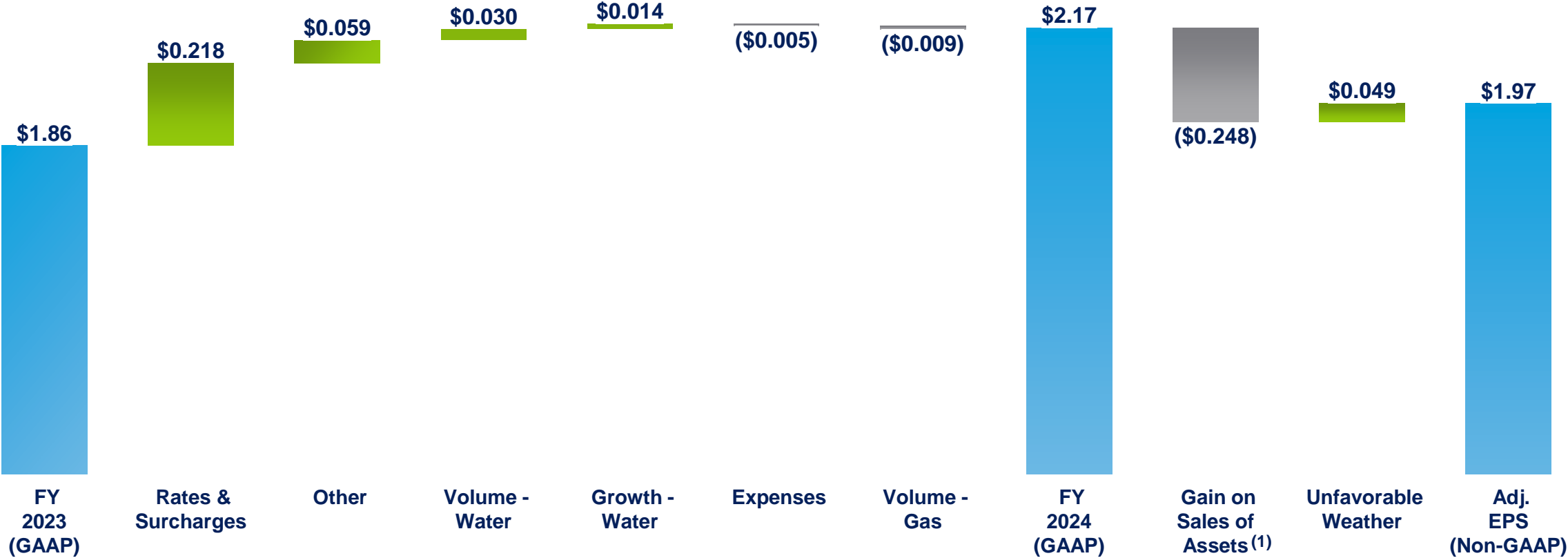
Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

FY 2024 vs. FY 2023

## Change in Earnings Per Share



1) Includes related transaction activities.

# Regulatory Activity

As of February 26, 2025

## 2024 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in IL, NJ, OH, NC, VA, and PA with annualized revenue increase of \$53.9 million

Gas segment base rate cases or surcharges in PA and KY with annualized revenue increase of \$93.9 million

**Total of \$147.8M for 2024**

## 2025 COMPLETED REGULATORY RECOVERIES

Water segment base rate cases or surcharges in OH, NC, and PA with annualized revenue increase of \$86.3 million

Gas segment surcharge in KY with annualized revenue increase of \$0.5 million

## PENDING REGULATORY RECOVERIES

Water segment surcharges in OH with requested annualized revenue increase of \$3.3 million

Gas segment base rate cases or surcharges in KY with requested annualized revenue increase of \$12.7 million



# Christopher Franklin

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Chairman and Chief  
Executive Officer

# Municipal Acquisition Program

## Closed Transaction



### GREENVILLE

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



### DELCORA

- Wastewater
- 198,000 customers<sup>(1)</sup>
- \$276.5M purchase price



### BEAVER FALLS

- Wastewater
- 7,600 customers<sup>(1)</sup>
- \$41.3M purchase price



### GREENVILLE

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



### DRIL-QUIP<sup>(2)</sup>

- Water / Wastewater
- 380 customers<sup>(1)</sup>
- \$1.1M purchase price



### MIDVALE

- Water
- 900 customers
- \$3.0M purchase price



### INTEGRA<sup>(2)</sup>

- Wastewater
- 1,100 customers
- \$4.4M purchase price

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

## Pending Transactions

**Over 210,000<sup>(1)</sup>**  
Total Customers

**~\$344.0M**  
of Pending Rate Base is  
Expected to Generate ~\$17M  
of Incremental Annual  
Earnings<sup>(3)</sup>

Excluding DELCORA,  
**~\$67.8M** of purchase price  
**in the regulatory  
approval process**

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

2) Dril-Quip and Integra are privately owned utilities.

3) This is an illustrative earnings assumption based on an assumed 50% debt / 50% equity capital structure and a hypothetical 10% allowed return on equity.

# Guidance Outlook<sup>(1)</sup>

## Growth Targets



2025 net income per diluted common share target of **\$2.07- \$2.11**

Through 2027, EPS will grow at a CAGR of **5 – 7%**

Regulated utility rate base growth of **8%** through 2029

**\$1.4 to \$1.5B** infrastructure investment for 2025

2025-2029 Infrastructure investments of **~\$7.8B**

In 2025 we expect to raise **~\$315M** in equity

## Aqua Targets



Segment rate base CAGR of approximately **6%** through 2029

Segment customer base annual growth rate of between **2 and 3%** over the long-term

## Peoples Targets



Segment rate base CAGR of approximately **11%** through 2029

Segment customer base **expected to be stable** through 2027

1) Guidance includes signed municipal water and wastewater acquisitions for which the company has entered into signed purchase agreements as of the time the 2025 guidance was announced but does not include DELCORA or other potential municipal acquisitions from the company's list of acquisition opportunities. The guidance is also based on the company's expectation that it will continue to issue equity and debt on an as needed basis to support acquisitions and capital investment plans.

An aerial photograph of a large, calm lake surrounded by a dense forest of evergreen trees. The water is a deep blue-green color, and the forest is a vibrant green. The lake is surrounded by a thick forest of evergreen trees, likely spruce or fir, which are densely packed and cover the surrounding land. The water is clear and reflects 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

# Fourth Quarter Financial Highlights

As of December 31, 2024

(\$ in millions, except per share data)	Q4 2023	Q4 2024
<b>Operating Revenues</b>	\$479.4	\$604.4
<b>Purchased Gas</b>	\$37.5	\$94.5
<b>Operations and Maintenance Expense</b>	\$157.0	\$163.5
<b>Operating Income</b>	\$174.0	\$226.6
<b>Net Income</b>	\$135.4	\$184.8
<b>Net Income per Share</b>	\$0.50	\$0.67

## Revenues

- Operating revenues increased due to an increase in purchased gas costs, rates and surcharges, weather-normalization adjustment, customer assistance program, and increased water and gas volumes

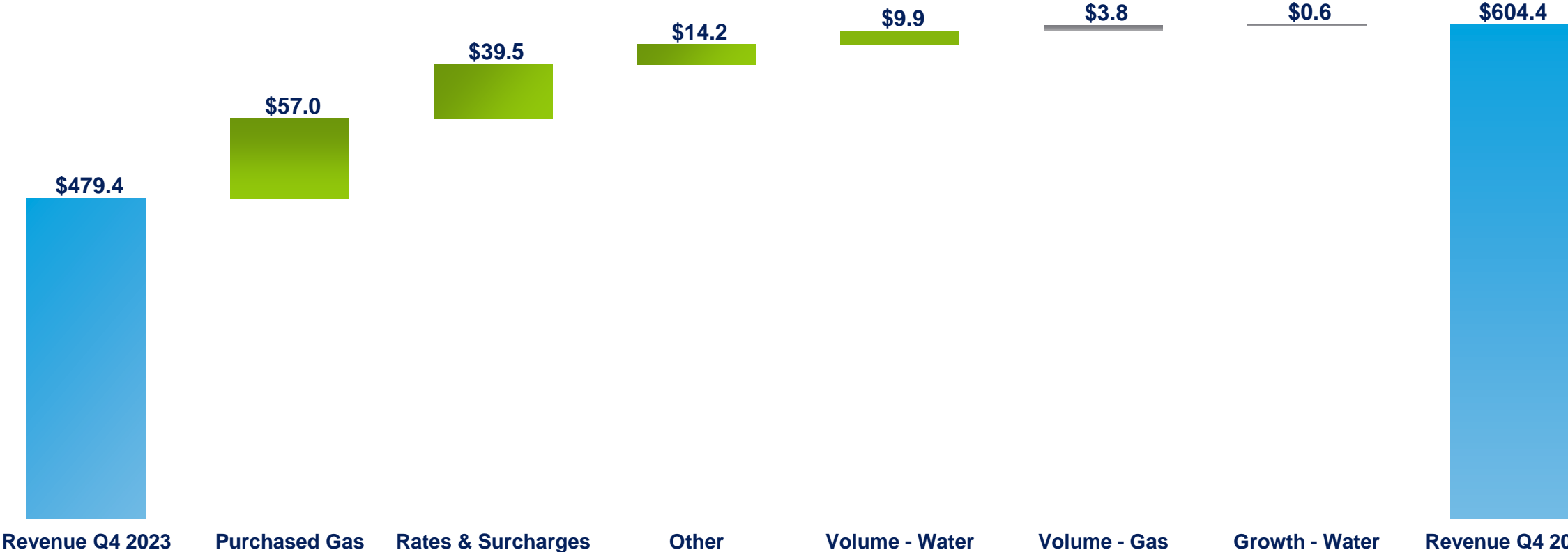
## O&M

- Increases in gas surcharges, employee-related costs, higher water production costs, and expenses related to added acquisitions were the main drivers to the increase in O&M. These changes were offset by a lower bad debt, reduced expenses compared to the prior year reflecting the sale of the energy plants sold earlier in 2024, and lower insurance and legal costs.

# Operating Revenues

Q4 2024 vs. Q4 2023

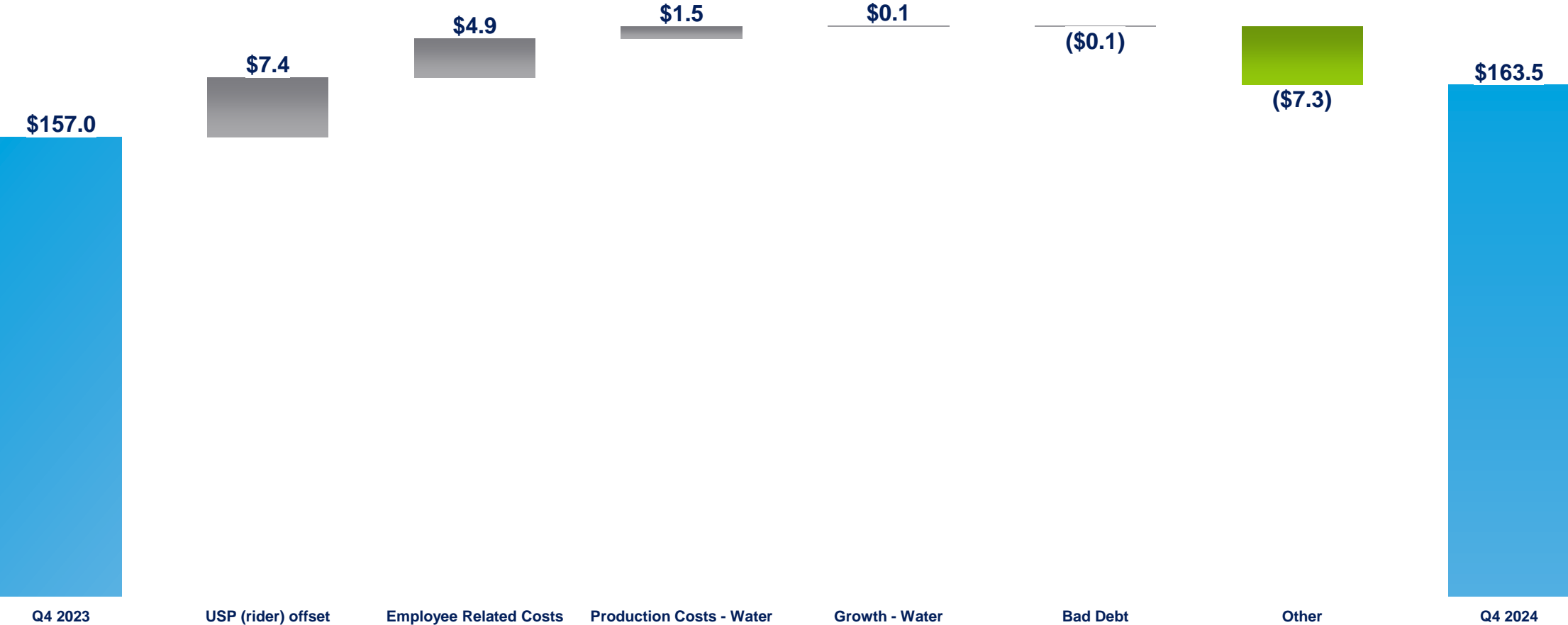
Change in Operating Revenues (millions)



# Operations & Maintenance Expenses

Q4 2024 vs. Q4 2023

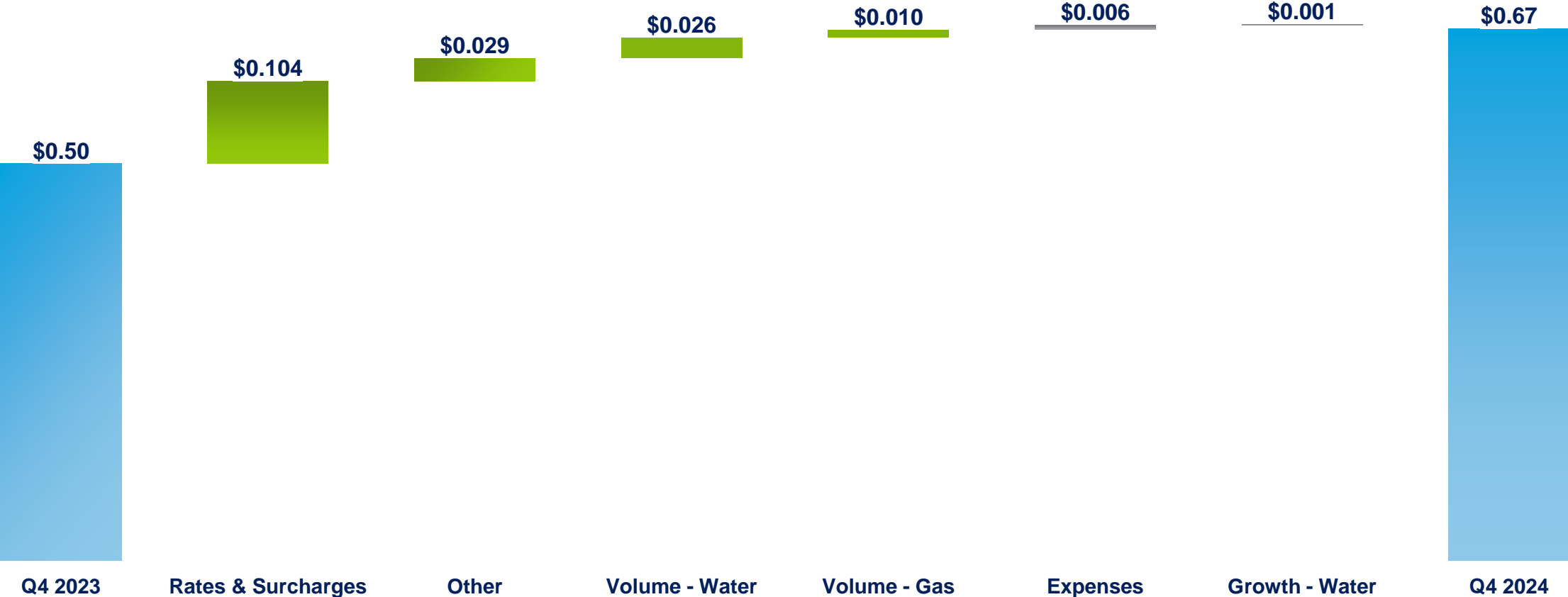
Change in Operations & Maintenance Expense (millions)



# Earnings per Common Share

Q4 2024 vs. Q4 2023

## Change in Earnings Per Share



# 2024 Regulatory Activity Completed

State	Docket Number	Segment	Type	Annualized Revenue Increase (\$thousands)
Illinois	24-0044	Water	Rate Case	\$4,726
	24-0044	Wastewater	Rate Case	\$6,906
	24-0188	Water	Surcharge	\$1,497
	24-0188	Wastewater	Surcharge	\$567
	24-0188	Water	Surcharge	\$1,823
	24-0188	Wastewater	Surcharge	\$693
Ohio	N/A	Water	Rate Case	\$1,637
	N/A	Wastewater	Rate Case	\$490
New Jersey	WR24010057	Water	Rate Case	\$2,250
North Carolina	W-218, Sub 573	Water	Rate Case - Year 2	\$2,632
	W-218, Sub 573	Wastewater	Rate Case - Year 2	\$1,111
Virginia	PUR-2023-00073	Water	Rate Case	\$4,830
	PUR-2023-00073	Wastewater	Rate Case	\$660

# 2024 Regulatory Activity Completed Cont.

State	Docket Number	Segment	Type	Annualized Revenue Increase (\$thousands)
Pennsylvania	M-2024-3051299	Water	Surcharge	\$8,193
	M-2024-3051315	Wastewater	Surcharge	\$487
	M-2024-3049664	Water	Surcharge	\$3,714
	M-2024-3049675	Wastewater	Surcharge	\$537
	M-2024-3047751	Water	Surcharge	\$5,626
	M-2024-3047769	Wastewater	Surcharge	\$142
	M-2023-3045036	Water	Surcharge	\$5,189
	M-2023-3045037	Wastewater	Surcharge	\$192
	R-2023-3044549	Gas	Rate Case	\$93,000
	M-2024-3047760	Gas	Surcharge	\$(256)
Kentucky	2023-00343	Gas	Surcharge	\$1,220
	2024-00078	Gas	Surcharge	\$(50)

# 2025 Regulatory Activity Completed

State	Docket Number	Segment	Type	Annualized Revenue Increase (\$thousands)
Ohio	N/A	Water	Surcharge	\$1,690
North Carolina	W-218, Sub 573	Water	Rate Case - Year 3	\$2,820
	W-218, Sub 573	Wastewater	Rate Case - Year 3	\$1,310
Pennsylvania	R-2024-3047822	Water	Rate Case	\$58,400
	R-2024-3047824	Wastewater	Rate Case	\$14,600
	M-2024-3052594	Water	Surcharge	\$7,235
	M-2024-3052599	Wastewater	Surcharge	\$291
Kentucky	2024-00332	Gas	Surcharge	\$466

# Regulatory Activity Pending

As of February 27, 2025

State	Docket Number	Segment	Type	Requested Annualized Revenue Increase (\$thousands)
Ohio	24-910-WW-SIC	Water	Surcharge	\$3,237
	24-911-ST-SIC	Wastewater	Surcharge	\$52
Kentucky	2024-00332	Gas	Surcharge	\$466
	2024-00332	Gas	Surcharge	\$1,371
	2024-00346	Gas	Rate Case	\$10,910

# State by State Comparison of Services

As of December 31, 2024

State	Rate Base (millions)	Water Connections	Wastewater Connections	Total Customers
PA	\$4,538	458,504	62,429	520,933
IL	\$578	69,724	24,751	94,475
OH	\$555	153,489	11,267	164,756
TX	\$679	76,044	25,209	101,253
NC	\$398	87,320	23,380	110,700
NJ	\$281	56,048	6,909	62,957
IN	\$130	1,456	31,402	32,858
VA	\$130	27,461	8,474	35,935
<b>TOTAL</b>	<b>\$7,289</b>	<b>930,046</b>	<b>193,821</b>	<b>1,123,867</b>

State	Rate Base (\$000s)	Total Customers
PA	\$4,025	704,674
KY	\$164	40,765
<b>TOTAL</b>	<b>\$4,189</b>	<b>745,439</b>

# Healthy Balance Sheet Supports Equity Requirements

## INVESTMENT GRADE CREDIT RATINGS

MOODY'S

**Baa2**    **Baa2**  
Issuer    Issuance

**S&P Global**  
Ratings

**A-**    **BBB+**  
Issuer    Issuance

## SELECT CREDIT TARGETS

DEBT-TO-CAPITAL RATIO  
**50-55%**

DIVIDEND PAYOUT RATIO  
**60-65%**

FFO/NET DEBT RATIO  
**12-14%**

## LONG-TERM EQUITY NEEDS

**\$315M**  
In 2025

# GAAP to Non-GAAP Reconciliation

Year Ended December 31, 2024

(in millions, except per share data)	FY 2024
<b>Net income (GAAP financial measure)</b>	<b>\$595.3</b>
Adjustments:	
Gain on sales of assets and related transaction activities	(94.0)
Adjustments for estimated effects of unfavorable weather	18.7
Income tax effect of non-GAAP adjustments	20.9
<b>Adjusted income (Non-GAAP financial measure)</b>	<b>\$540.9</b>
<b>Net income per common share (GAAP financial measure):</b>	
Basic	\$2.17
Diluted	\$2.17
<b>Adjusted income per common share (Non-GAAP financial measure):</b>	
Basic	\$1.97
Diluted	\$1.97
<b>Average common shares outstanding:</b>	
Basic	273.9
Diluted	274.4