



**Baird Global Industrial  
Conference  
November 12, 2020**





# Forward Looking Statement

As an introduction to the information we will be discussing, please be aware that some of our comments can be considered forward-looking statements as defined by the federal securities laws and as outlined in the Company's SEC filings. As such, any forward-looking statements are based on currently available information and management's assumptions, expectations and estimates; however, actual results may vary significantly. Risk factors that could cause actual results to vary from expectations are described in the Company's filings with the SEC. These factors are also available in our most recent earnings release which can be viewed on our website at [www.middlesexwater.com](http://www.middlesexwater.com) or in our Annual Report.



NASDAQ:MSEX

# Company Overview

- Established in 1897, headquartered in New Jersey.
- Owns/operates regulated water utility and wastewater systems primarily in NJ & DE.
- Service Connections: 160,000+      Population Served: 500,000      Employees: 352
- 2019 Revenues: \$134.6 Million      Market Cap: \$1.2 Billion
- 52-Week Range    \$48.79 – \$73.94
- 6.3% Dividend Increase (12/1/2020)      Dividend Yield: 1.5%

**Regulated Segment:** Collecting, treating and distributing water on a retail and wholesale basis

**Non-Regulated:** Contract services for operation/maintenance of private and municipal water systems

# Our Services



**Water Production,  
Treatment &  
Distribution**



**Design/Build/Own  
Operate System Assets**



**Public Private  
Partnerships**



**Full Service Municipal  
Contract Operations**



**Water & Wastewater System  
Maintenance**



**Water & Sewer Line  
Maintenance**



**Wastewater Collection &  
Treatment**



# Our Strategy for Growth

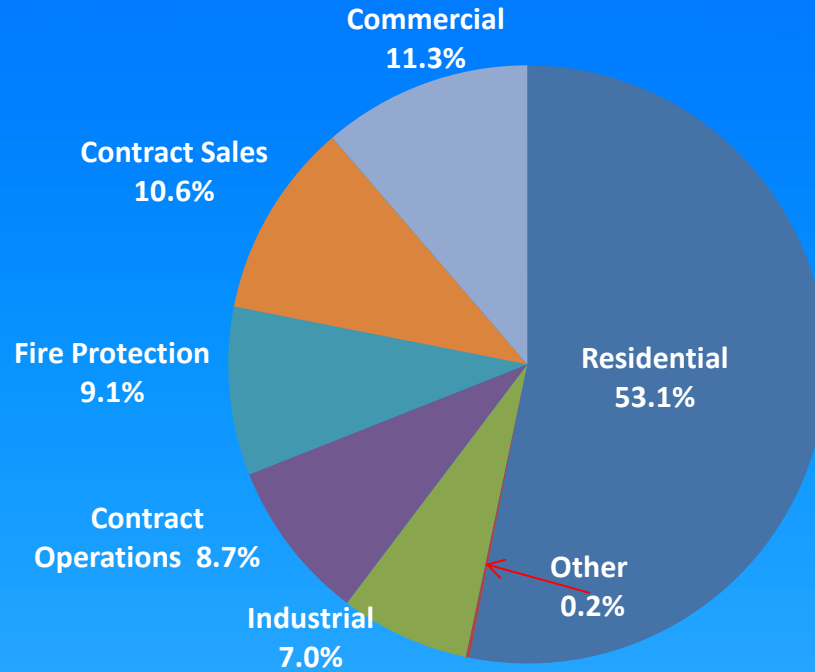
Invest in projects, products & services that complement our core water and wastewater competencies

Timely and adequate recovery of infrastructure investments and other costs to maintain service quality

Prudent acquisitions of investor and municipally-owned water and wastewater utilities

Operation of municipal and industrial water and wastewater systems on a contract basis which meet our risk profile

# Revenue Sources





## Revenues (Millions)





## Net Income (Millions)







## Earnings Per Share





# Third Quarter 2020 Results

## (In Millions)

	2020	2019
Operating Revenues	\$39.9	\$37.7
O & M Expenses	\$26.7	\$25.7
Net Income	\$12.7	\$11.1
Diluted Earnings Per Share	\$0.72	\$0.66



# Essential Projects

Water For Tomorrow® is Middlesex Water Company's major infrastructure investment initiative to enhance safety, reliability and resiliency throughout its water system in New Jersey.

**Estimated Capex 2020-2022: \$295 Million**

# Western Transmission Main

- Completed construction of the Western Transmission Main, a 4.5 mile supplemental 42" diameter transmission main through two large, densely-populated municipalities
- Main was placed into service in March 2020
- Financed through the New Jersey Infrastructure Bank



# CJO Plant Upgrade



- Our largest water treatment plant in New Jersey converting to ozone for primary disinfection treatment
- Ensure compliance with increasingly stringent regulations
- Financed through NJEDA
- Anticipated completion by mid-2021



# CJO Plant Upgrade

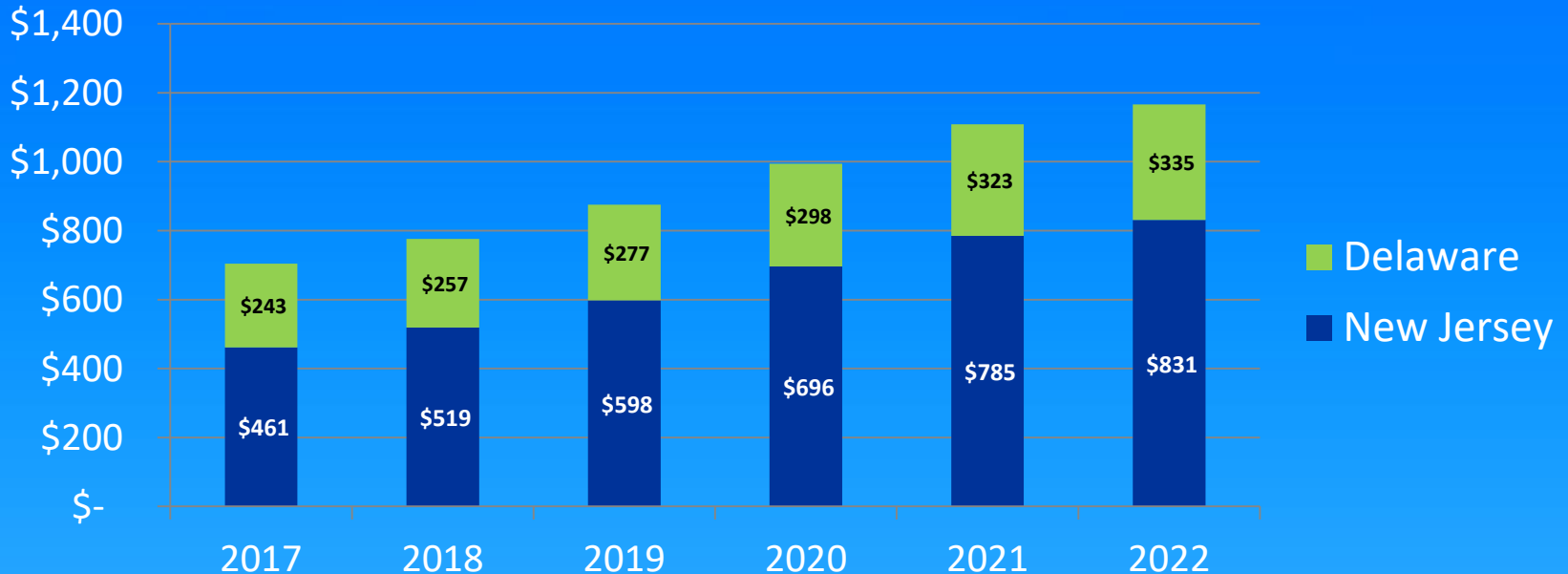


# RENEW 2020

- \$3.7 Million investment in Metuchen, NJ to replace 17,500 linear feet of water mains
- \$6.7 Million investment in Township of Edison, NJ to replace 14,000 linear feet of main
- \$4.5 Million investment in City of South Amboy, NJ to replace 10,200 linear feet of main
- Service lines, valves and fire hydrants also being upgraded
- Work will improve fire flows and overall service quality
- Installing exterior meter pits



## Utility Plant (Millions)





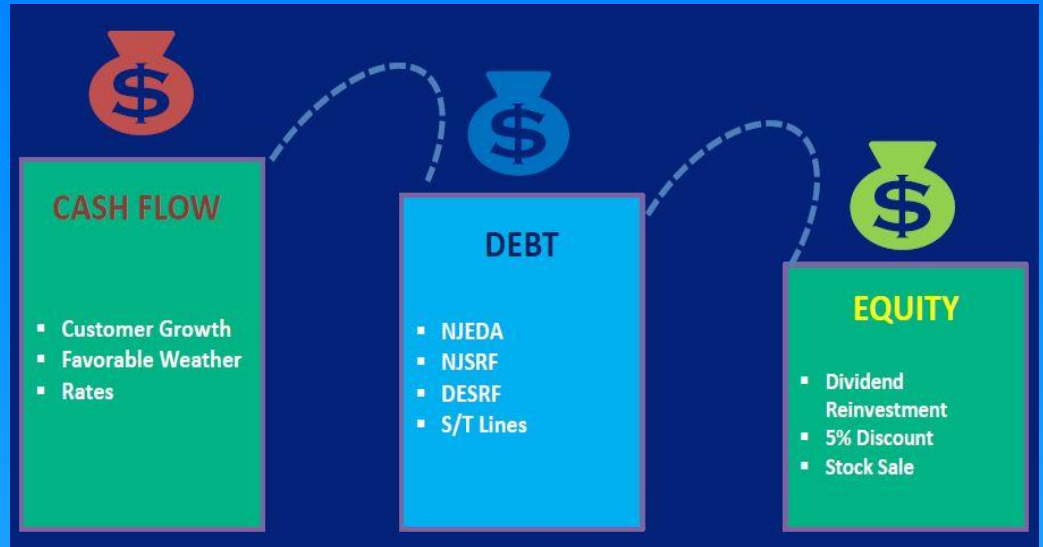


## Growth in Delaware Operations

- Tidewater Utilities is largest private water supplier south of the Chesapeake & Delaware Canal
- Serves approx. 51,000 customers in 415 residential communities
- 3% annual customer growth rate

# Capital Improvements Funding

- ✓ Cash Flow from Operations
- ✓ Bank short-term Lines of Credit
- ✓ Long-term Bonds
- ✓ Investment Plan Proceeds
- ✓ Common Stock Offering





## Consolidated Capital Structure

	Actual		Forecast		Forecast	
	<u>03/31/2020</u>	<u>%</u>	<u>12/31/2020</u>	<u>%</u>	<u>Beyond 2020</u>	<u>%</u>
Debt	\$275	45.5	\$297	46.6	\$367	48.5
Equity	<u>\$239</u>	<u>54.5</u>	<u>\$340</u>	<u>53.4</u>	<u>\$390</u>	<u>51.5</u>
<b>TOTAL</b>	<b>\$604</b>	<b>100%</b>	<b>\$637</b>	<b>100%</b>	<b>\$757</b>	<b>100%</b>



# Capital Project Funding

## *Common Equity*

- 2019
  - 5% Discount – Reinvestment Plan - **\$12.7 Million**
  - Public Offering - **\$43.8 Million**

## *First Mortgage Bonds*

- 2019      \$60.0 Million – 40 Year (Tax Exempt)
- 2020      \$40.0 Million – 30 Year (Private Placement)
- 2021      \$40.0 Million



## Recent Rate Activity

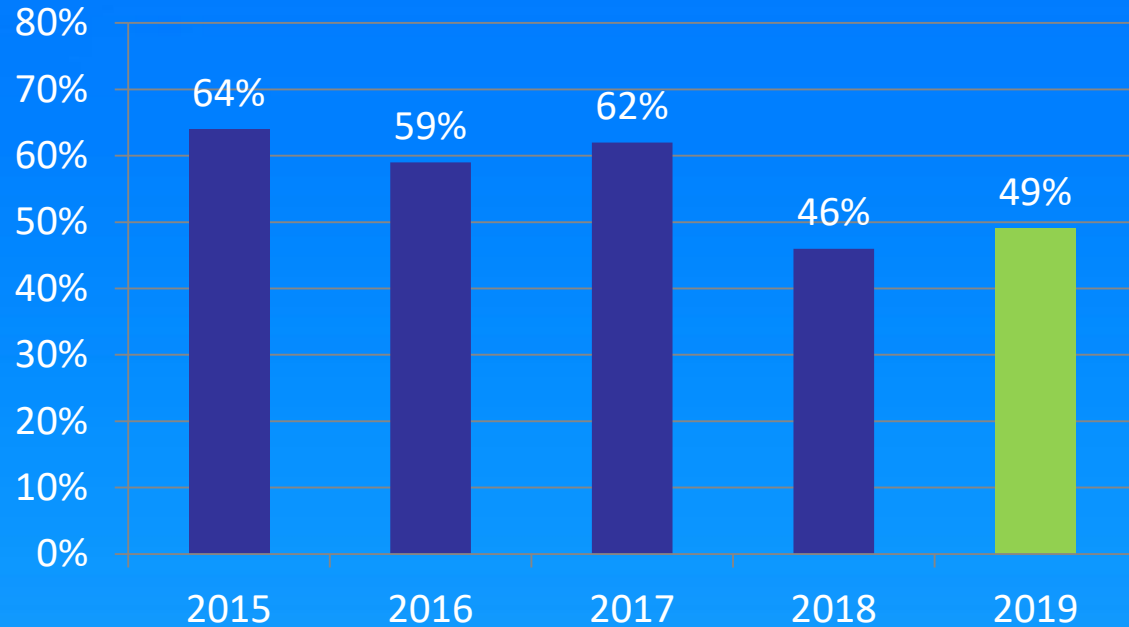
Company	Effective Date	Annual Revenues
Middlesex (PWAC)	April 4, 2020	\$0.6 Million
Tidewater (DSIC)	July 1, 2020	\$0.5 Million
Pinelands	November 4, 2019	\$0.5 Million

# 48 Years of Consecutive Dividend Increases

## Dividends Paid



# Dividend Payout Ratio



# Environmental, Social and Governance (ESG)

Among the key topics addressed in our recently released Sustainability Report are:

- Training and Development/Succession Planning
- Employee Health & Safety
- Corporate Governance and Risk Management
- Diversity & Inclusion
- Climate Variation
- Emergency Management & Business Continuity
- Cybersecurity
- Environmental Stewardship
- Corporate Citizenship



WHAT WE BELIEVE

WHAT WE DO

WHERE WE'RE GOING

CORPORATE  
SUSTAINABILITY  
REPORT  
2018-2019



RESPECT

INTEGRITY

GROWTH

HONESTY

TEAMWORK

## OUR VALUES



*Our values unite us and drive our company culture.*



**Other News**

# Recent Developments

- ISS ESG recently classified MWC's ESG Corporate Rating as "Prime" which means our shares now qualify for responsible investment.
- Middlesex Water Company Named a Top New Jersey Workplace
- Tidewater Named a 2020 Superstar in Business by the DE State Chamber of Commerce
- Middlesex Water's Legal Department Awarded New Jersey Law Journal's 2020 Professional Excellence Award
- Middlesex Water Awarded Highland Park Operating Contract
- Named New Independent Lead Director, Walter G. Reinhard



# COVID-19 Response

- Activated emergency and business continuity plans
- Closed walk-in payment center. Service shutoffs for non payment suspended through 3/15/21.
- Observed CDC guidelines to keep employees and customers safe
- Reprioritized construction projects to focus on those with least customer impact
- To date, have donated over \$70,000 towards COVID-19 relief efforts
- Working with regulators on a deferment and recovery mechanism of COVID net impact



COVID-19 demonstrated the importance of **essential water and wastewater service** in the protection of **public health**. We thank our professionals who continue to keep these vital services flowing.

# MWC Opportunity





**Presenters**  
**Dennis W. Doll**  
**Chairman, President & CEO**



**Bruce O'Connor**  
**Sr. Vice President, Treasurer**  
**& Chief Financial Officer**

# Thank You.

For more information visit the Investor tab at:

**[www.middlesexwater.com](http://www.middlesexwater.com)**

