

2019 Water Conference

Presenter:

A. Bruce O'Connor
Sr. Vice President, Treasurer and
Chief Financial Officer



NASDAQ: MSEX

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 or in our Annual Report.



Annual Dividend:\$1.025



Market Cap
\$1.0 Billion



52
Week
Range
\$43.12-
\$67.13



Incorporated 1897

Our Culture

RESPECT

INTEGRITY

GROWTH

HONESTY

TEAMWORK

OUR VALUES



Our Mission: To provide service in the water, wastewater and related fields in a safe, reliable and efficient manner.

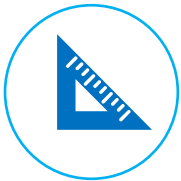
OUR SERVICES



**Water Production,
Treatment &
Distribution**



**Full Service Municipal
Contract Operations**



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



**Water & Wastewater
System Maintenance**



**Public Private
Partnerships**



**Wastewater Collection
& Treatment**



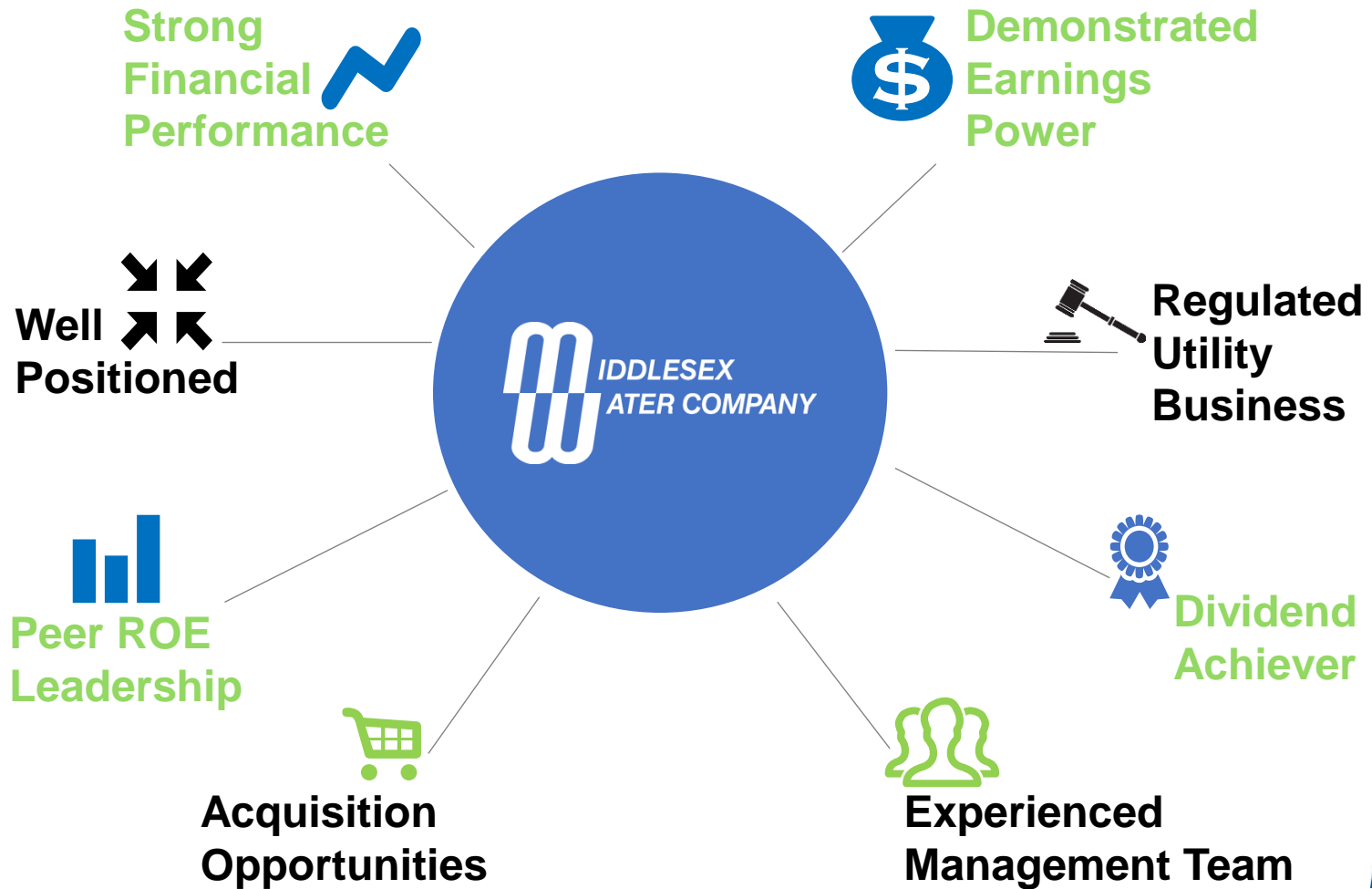
Water & Sewer Line Maintenance

PERFORMANCE PROFILE

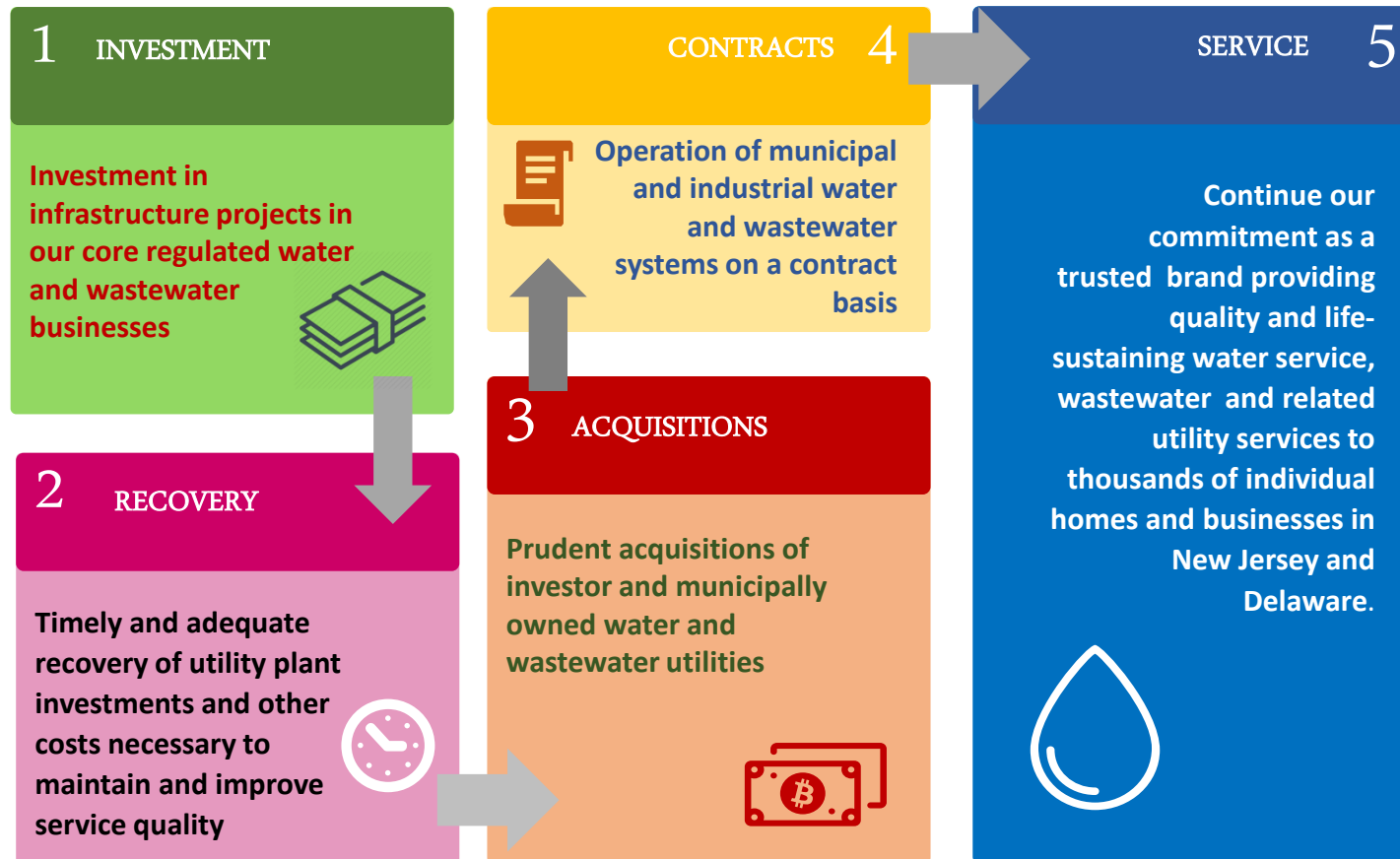
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- ✓ **Objective Regulatory Environment**
 - ✓ **Stable Residential Customer Base**
 - ✓ **Strong Financial Profile**
 - ✓ **Corporate Credit Rating “A” Stable**
 - ✓ **Established Reputation for Technical & Operational Excellence**
 - ✓ **47 Years of Consecutive Dividend Increases**
 - ✓ **Driving Shareholder Value through Investments in Regulated Utility Infrastructure**

MSEX OPPORTUNITY

Stable, well-run NJ and DE utility with a regulated and non-regulated revenue base



Strategy For Profitability and Growth



BUSINESS MODEL: REGULATED WATER COMPANY

- Earn a return on invested capital
- Recover all other costs
- Add non-regulated income

Revenue requirement = (Ratebase x Authorized Rate of Return) + Cost of Service

Earnings Drivers

- Capital investment – foundation for earnings growth business model
- Regulatory treatment
- Water sales
- Customer growth
- Non-regulated operations

ENVIRONMENTAL, SOCIAL & GOVERNANCE



2.8%



\$101.9 million

Operating Revenues

1.4%



\$25.8 million

Net Income

0.7%



\$1.55

Earnings Per Share

2019 Q3 YTD

FINANCIAL

SUMMARY

REVENUE SOURCES



New Jersey 70% of Revenue

Middlesex System

- Approximately **61,000** retail customers
- Population of served contract area: approximately **219,000**

Pinelands System

- Approximately **5,000** retail customers
- Approximately **200** customers served under contract

Utility Service Affiliates – Perth Amboy

- Operates the City of Perth Amboy's facilities serving **24,000** customers

Utility Service Affiliates

- Primarily operates the Borough of Avalon's facilities serving **12,000** customers

Delaware 30% of Revenue

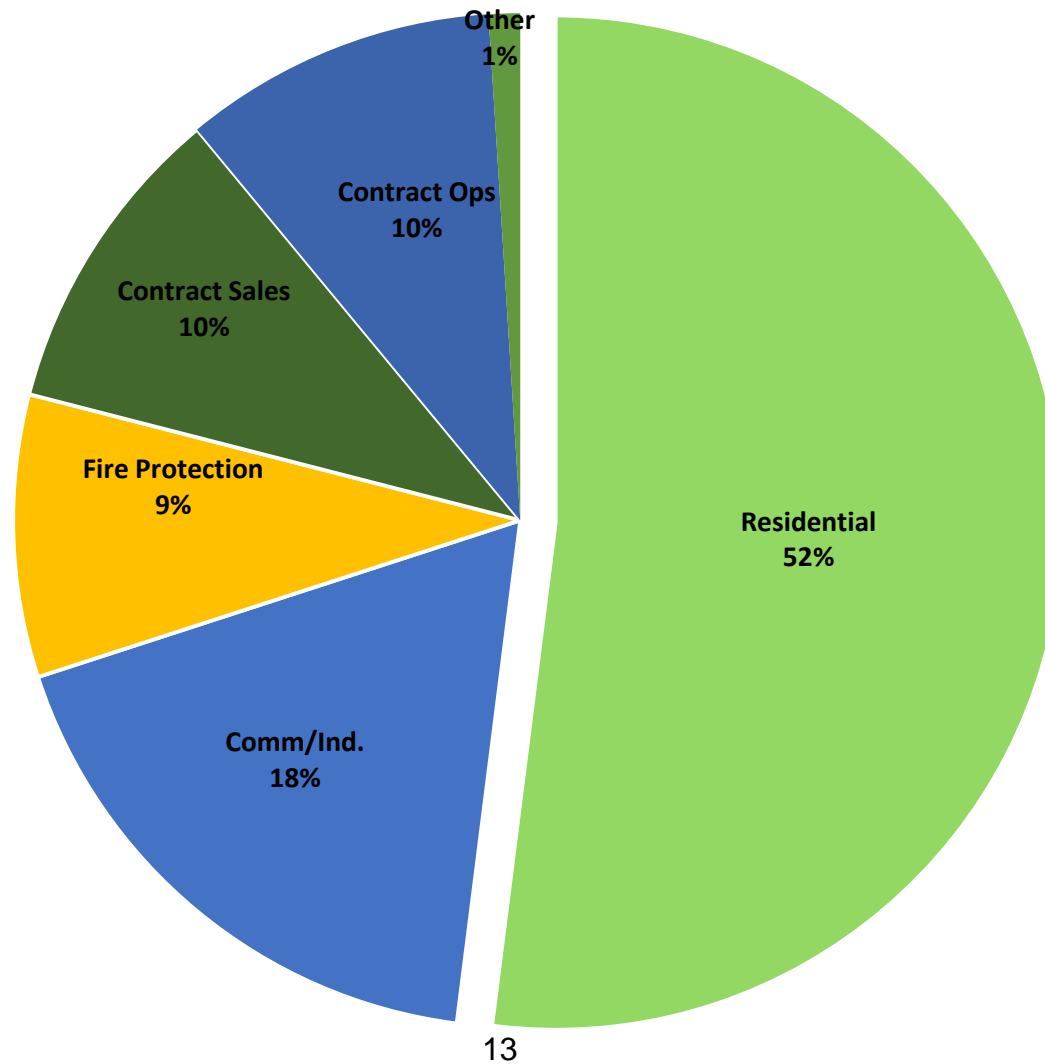
Tidewater System

- Approximately **48,000** retail customers
- Approximately **4,000** customers served under contract

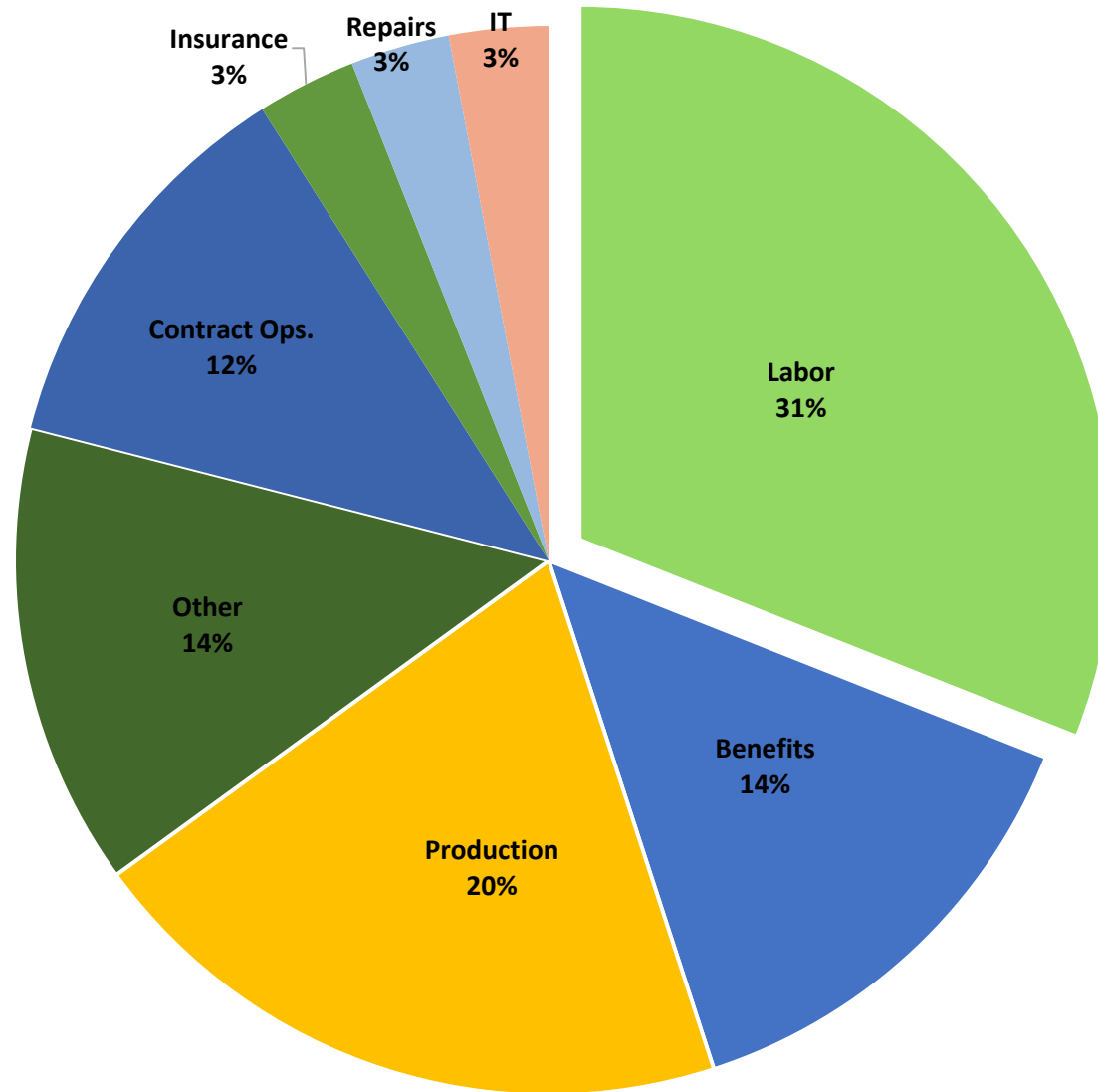
TESI System

- Approximately **3,600** retail customers

REVENUE SOURCES – TTM Q3 2019

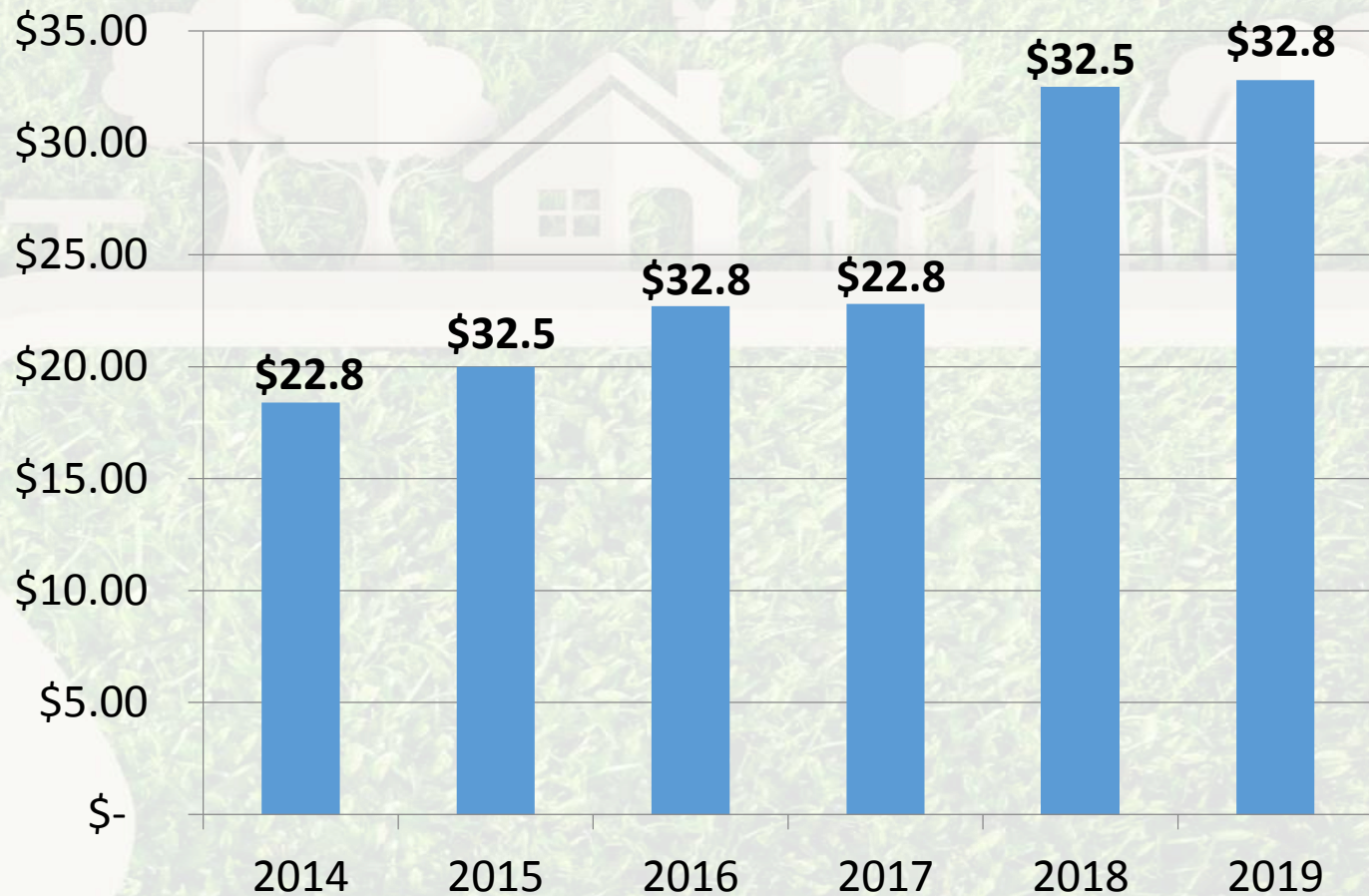


O & M EXPENSE – TTM Q3 2019

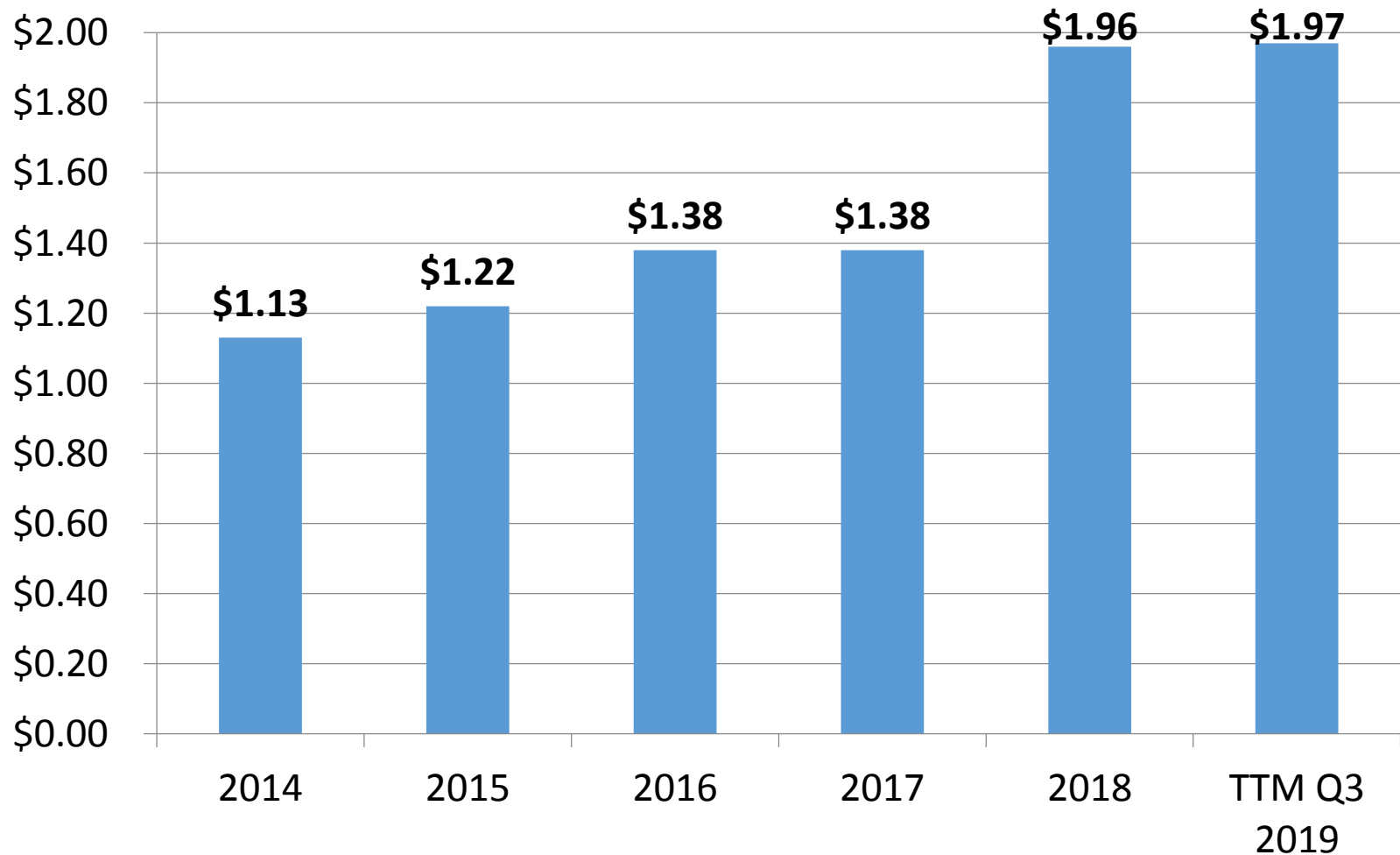


NET INCOME

(\$Millions)



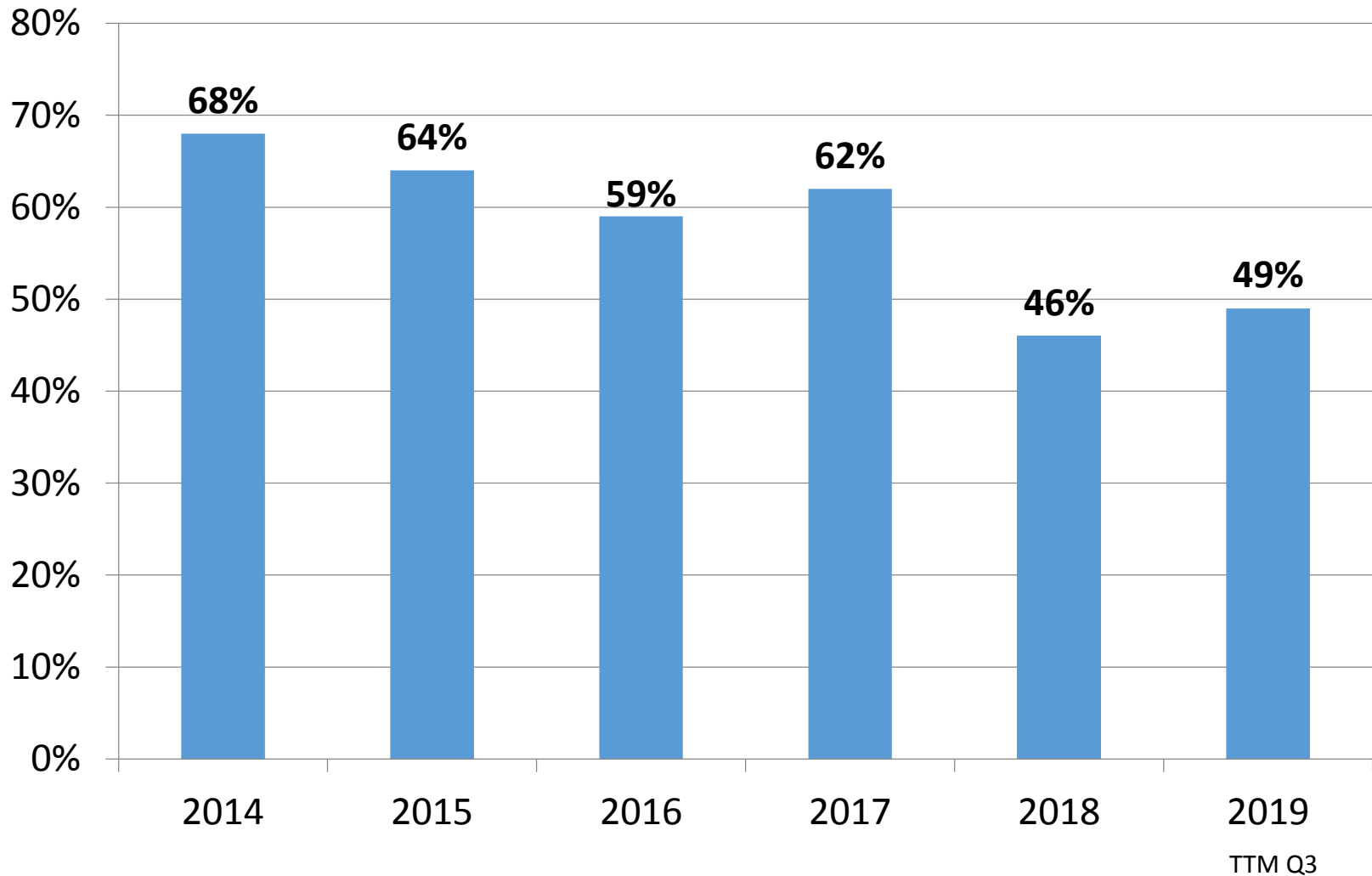
DILUTED EARNINGS PER SHARE



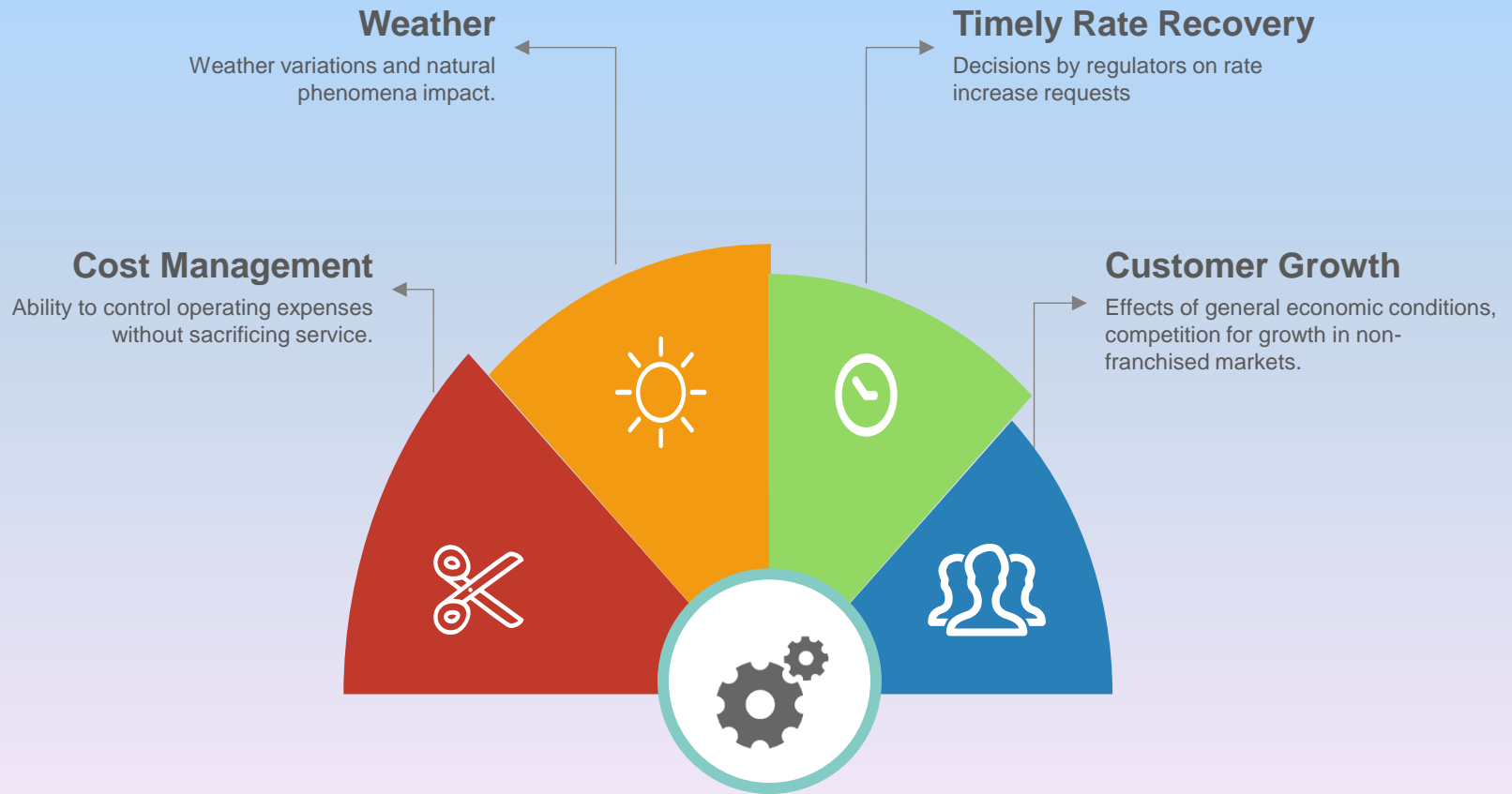
DIVIDENDS PAID



DIVIDEND PAYOUT RATIO



FACTORS AFFECTING EARNINGS

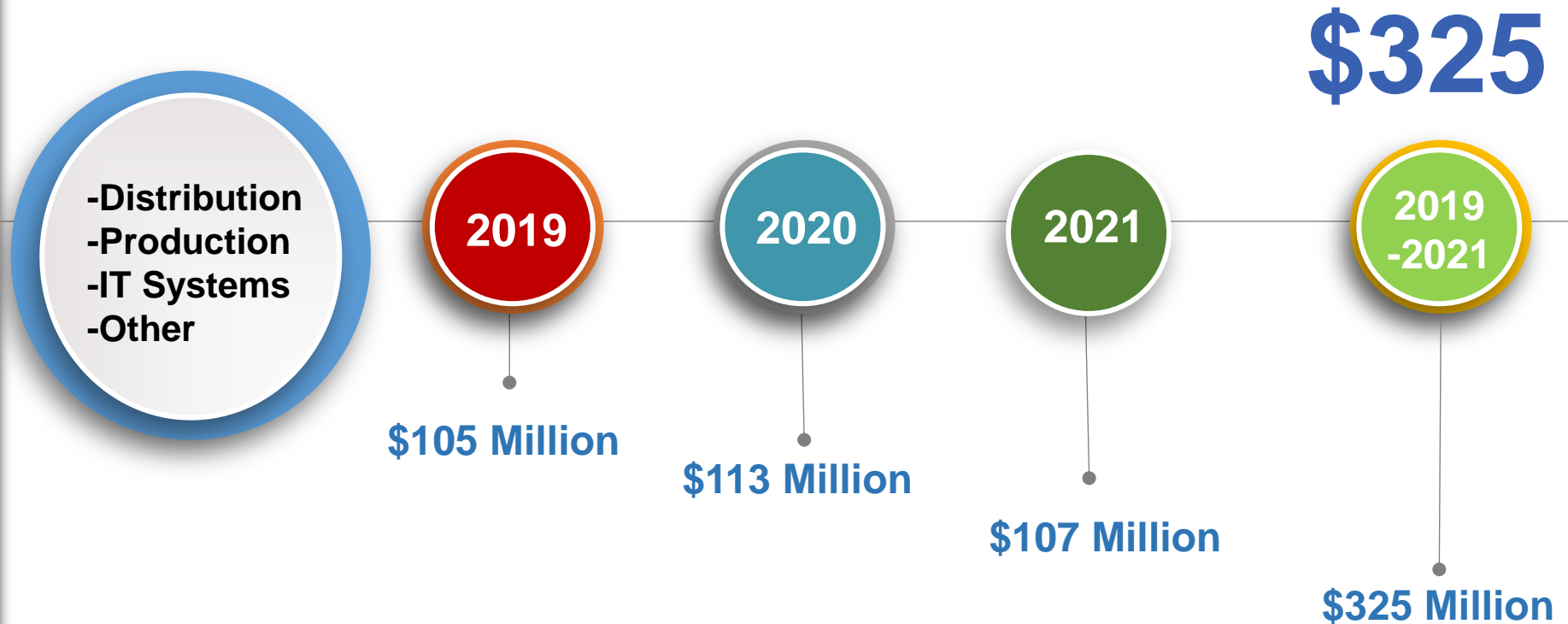


RATE MATTERS

Company	Effective Date	Annual Revenues
Middlesex - Base	April 1, 2018	\$ 5.5 Million
Middlesex - PWAC	January 1, 2019	\$ 0.1 Million
Tidewater - TCJA	March 1, 2019	\$(1.0) Million
Tidewater - DSIC	July 1, 2019	\$ 0.5 Million
Pinelands - Base	November 4, 2019	\$ 0.5 Million
Pending Requests	Expected Date	Annual Revenues
Middlesex - PWAC	Q2 2020	\$ 0.6 Million
Tidewater - DSIC	January 1, 2020	\$ 0.5 Million

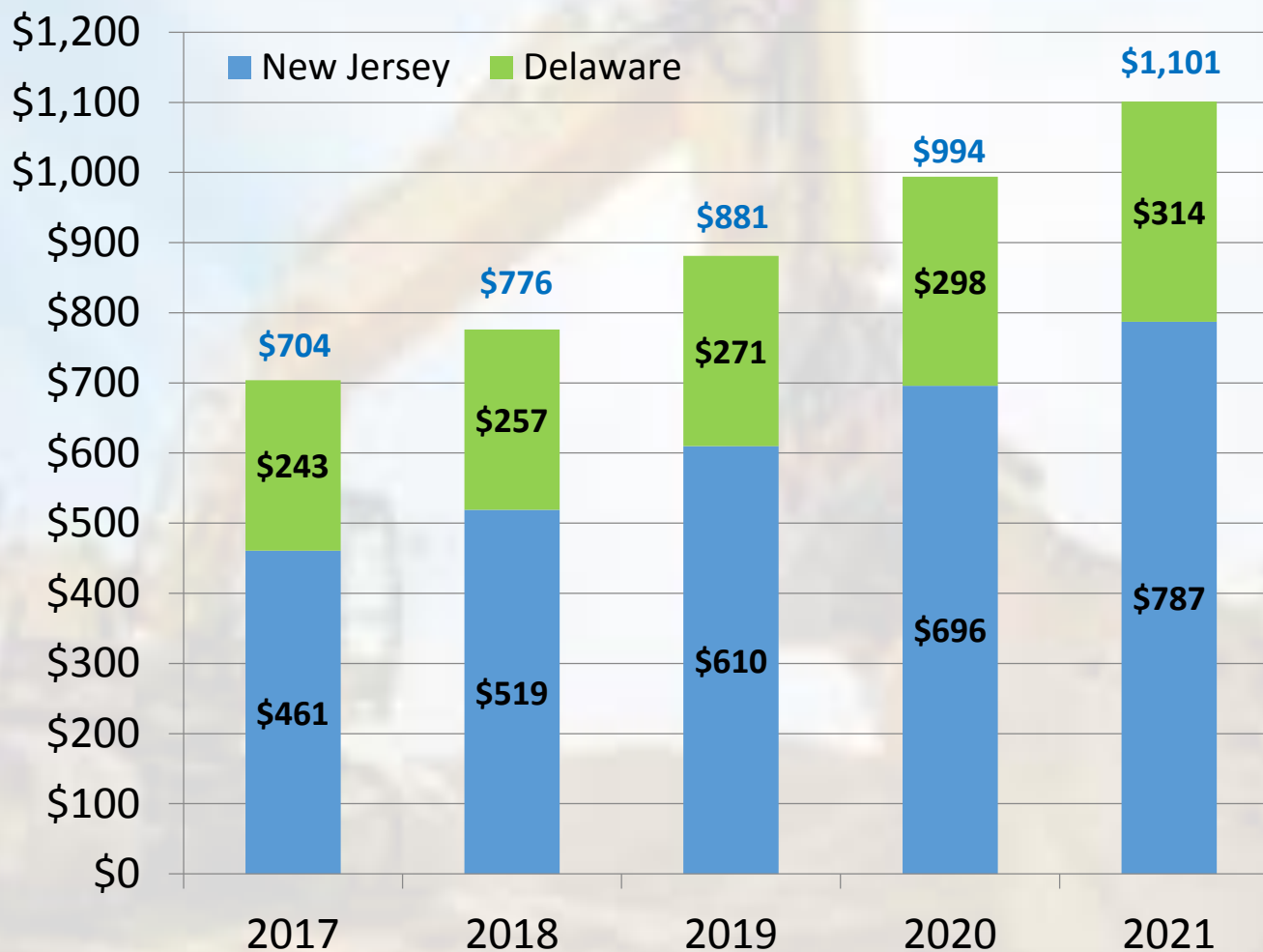
CAPITAL EXPENDITURES OUTLOOK

- Large & small mains, service lines, hydrants and meters
- New & upgraded water & wastewater treatment plants
- Upgrade ERP system - hardware and software
- Transportation equipment, tools, lab equipment, security systems, etc.



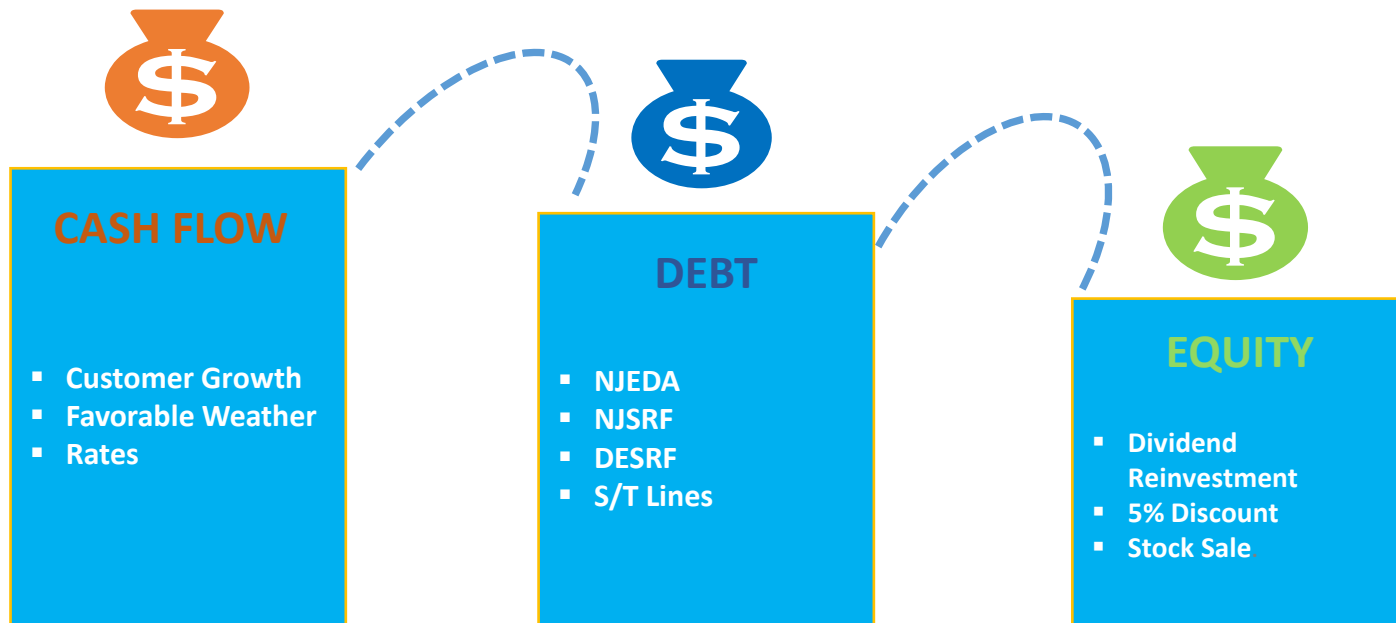
UTILITY PLANT

(\$Millions)



CAPITAL PROGRAM FUNDING

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





KEY

PROJECTS

\$50 Million Western Transmission Main



- ✓ 4.5 miles of 42-inch diameter ductile iron pipe
- ✓ Redundant supply line to our retail system
- ✓ 10 feet deep, wrapped with corrosion prevention material
- ✓ Project is 95 % complete
- ✓ In service early 2020
- ✓ Funded through NJSRF program



\$12 Million RENEW 2019

- ✓ **4 mile pipe replacement project**
- ✓ **Carteret, New Jersey**
- ✓ **Mains, service lines, valves, fire hydrants and meters**
- ✓ **Work will improve fire flows and overall service quality**
- ✓ **Exterior meter pits – Leak detection**
- ✓ **Funded through NJEDA**



www.waterfortomorrowmwc.com/renew

Multi-Year Upgrade of Middlesex Primary Treatment Plant – Edison, NJ



\$70 MILLION PROJECT UNDERWAY

- Converting treatment process to ozone disinfection
- Ensure compliance with increasingly stringent regulations
- Mitigate occurrences of disinfection by-products.
- Financed through NJEDA
- Anticipated completion by mid-2021



USA-PA AWARDED 10-YEAR CONTRACT



OUR WORKFORCE

Employees: 330

Training Hours: 3,800

New Personnel: 59

**Professional Operating
Licenses:**

NJ: 90

DE: 33

We provide a work environment that encourages employee engagement, accountability and personal and professional development.

ENGAGING OUR CUSTOMERS



Water Quality Reports



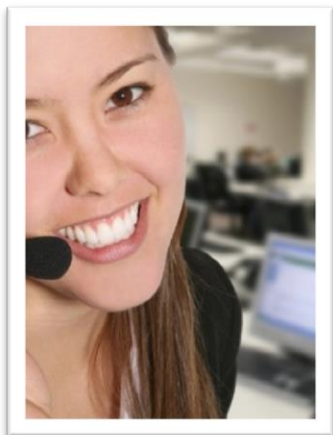
Social Media Updates



Water Saving Ideas



Boil Water Recommendations
& Traffic Advisories



My
H₂O
SmartPay™



GIVING BACK TO OUR COMMUNITIES



FUTURE CITY

Science, Technology, Engineering & Math (STEM) Events



CAREER FAIRS

Job Expos, Career Days, Classroom Visits and Business Discovery Days



VOLUNTEER PROJECTS

Home Build Projects, Food and Toy Drives, Participation on Local & Industry Boards



COMMUNITY EVENTS

Big Wheels Day, Bowl for Hunger, Charity Golf Outing, Corporate Support, Bottled Water

We believe our efforts help build stronger communities and promote interest in water careers and wise water use, the environment, education and leadership development, health and wellness, and economic development.



RECENT NEWS

- ❖ Tidewater Acquires Two Delaware Water Systems Adding 1,000 Customers
- ❖ Recognized by Executive Women of NJ for Board Gender Diversity

SUMMARY



1

Sustainable and consistent financial performance

2

Disciplined infrastructure investment and growth

3

Balanced revenue base supported by best-in-class utility operations in the Northeast

4

Focus on long-term total shareholder returns

5

Highly experienced, dedicated management team



Questions?

**Thank you for your interest
in our company!**

www.middlesexwater.com