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Aqua America Subsidiary Announces Acquisition of Tri-State Grouting

BRYN MAWR, Pa.--(BUSINESS WIRE)-- Aqua Resources, Inc., the unregulated subsidiary of Aqua America, Inc. (NYSE: WTR) today announced that it has purchased Tri-State Grouting LLC (TSG) of Newark, DE, which specializes in storm and wastewater infrastructure and rehabilitation. The purchase price is approximately \$3 million in cash with certain revenue growth requirements. Current TSG revenues are \$6 million annually.

TSG will remain in Newark and all of current TSG management will remain with the company following the acquisition. Aqua Resources will provide executive management, engineering expertise and capital to support and help grow the TSG business line.

"This agreement both fulfills Aqua's core business model of growth-through-acquisition and supports the model by providing another avenue and skill set that will allow us to continue to increase opportunities for our regulated and non-regulated businesses," said Aqua America Chairman and CEO Nicholas DeBenedictis. "Our Aqua Resources unit already provides a wide array of services to the water and wastewater industry including operations and maintenance contracts, liquid waste hauling and water and wastewater system repair and maintenance. The specific services provided by TSG will complement these services by adding another specialty to our current menu of services."

"Delaware is home to many large and successful companies, but our state's economy relies on our strong, durable small business sector. With 37 years of quality service to its name, Tri-State Grouting is the epitome of the Delaware small business," Delaware Governor Jack Markell said. "We're happy to see that this tradition of excellence will continue here, with Tri-State Grouting's management staying in place to make the acquisition with Aqua seamless."

The market for storm and wastewater infrastructure and rehabilitation services is in high demand due to the nation's rapidly aging infrastructure. The American Society of Civil Engineers (ASCE) estimates the U.S. will need to spend \$298 billion on wastewater and storm water systems over the next 20 years. "We are excited about the purchase by Aqua, which has the engineering expertise and financial wherewithal to support our existing business and help the company continue to grow," said TSG President Mark Schneider.

TSG has been in business since 1977 and has 35 employees. It currently does business in six states, including Pennsylvania, as an example, where the ASCE recently graded the state's wastewater infrastructure a D-. The entire Mid-Atlantic region is plagued with aging infrastructure and will need to invest billions of dollars to address clean water standards.

TSG specializes in the cleaning, televising and trenchless repair of storm and sanitary sewer pipe and appurtenances. The company televises more than 1 million lineal feet of pipe annually ranging in size from 4 to 60 inches.

Aqua America has completed seven regulated acquisitions to date in 2014, and more than 300 acquisitions company-wide since 1995. Last year, Aqua America completed 15 water and wastewater acquisitions and grew its number of customers a total of 1.3 percent.

Aqua America is one of the largest U.S.-based, publicly traded water utilities and serves nearly 3 million people in Pennsylvania, Ohio, North Carolina, Illinois, Texas, New Jersey, Indiana and Virginia. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR. Visit AquaAmerica.com for more information.

This release contains forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995, including, among others, the ability of TSG to generate revenues at the level indicated. There are important factors that could cause actual results to differ materially from those expressed by such forward-looking statements, including housing and customer growth trends; general economic trends; infrastructure rehabilitation programs; and other factors discussed in our Annual Report on Form 10-K, which is on file with the Securities and Exchange Commission. For more information regarding risks and uncertainties associated with Aqua America's business, please refer to Aqua America's annual, quarterly and other SEC filings. Aqua America 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.

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