

Earnings Call

AQUASM

NYSE: WTR



First Quarter 2018

May 9, 2018

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' water 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 for the fiscal year ended December 31, 2017, 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.aquaamerica.com

Today's Presenters



Christopher Franklin

Chairman &
Chief Executive Officer



Dave Smeltzer

Executive Vice President,
Chief Financial Officer



Dan Schuller

Executive Vice President,
Strategy and Corp.
Development & Deputy CFO



Brian Dingerdissen

Vice President, Chief of Staff
& Investor Relations

Introduction

Christopher Franklin

Chairman, Chief Executive Officer and President



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Today's Agenda

- Corporate Update
- Quarter Highlights
- Summary of Financial Results
- Rates & Acquisition Update
- 2018 Guidance

Dave Smeltzer Retirement



- 32-year career with Aqua
- CFO for 19 years
- Played a key role in over 300 acquisitions
- Helped to pioneer regulatory mechanisms such as DSIC
- Named 2009 CFO of the Year by Philadelphia Business Journal

Executive Team Update



Dan Schuller

- Appointed CFO, serving as deputy CFO until Dave Smeltzer retirement in October
- Previously was EVP, Strategy and Corporate Development since 2015
- Spent 8 years with J.P. Morgan Asset Management – Infrastructure Investments Group



Matthew Rhodes

- Named EVP, Strategy and Corporate Development
- Spent 11 years at Goldman Sachs Investment Banking Division, with lead coverage of more than 25 utility companies



Christina Kelly

- Appointed Chief Human Resources Officer starting May 21
- Previously vice president of HR at AmerisourceBergen with 14 years of human resources experience

2018 First Quarter Highlights

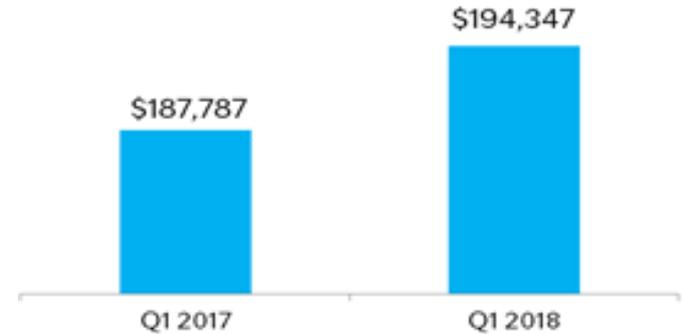
Acquisitions

- Three water and wastewater system acquisitions closed in Q1 including one in PA and two in Ohio

Customer Growth

- Added 2,259 new customers
- 2-3% customer growth expected for the year

Revenue Growth



EPS Growth



Summary of Financial Results

Dave Smeltzer

Executive Vice President and CFO

Dan Schuller

Executive Vice President, Strategy and
Corporate Development and Deputy CFO



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2018 First Quarter Financial Results

	In millions except per share	Q1 2018		Q1 2017	Variance
	Revenue	\$194.3	▲	\$187.8	3.5%
	Operations and Maintenance Expense	\$73.9	▲	\$67.9	8.9%
	Net Income	\$50.8	▲	\$49.1	3.6%
	Net Income per Share	\$0.29	▲	\$0.28	3.6%



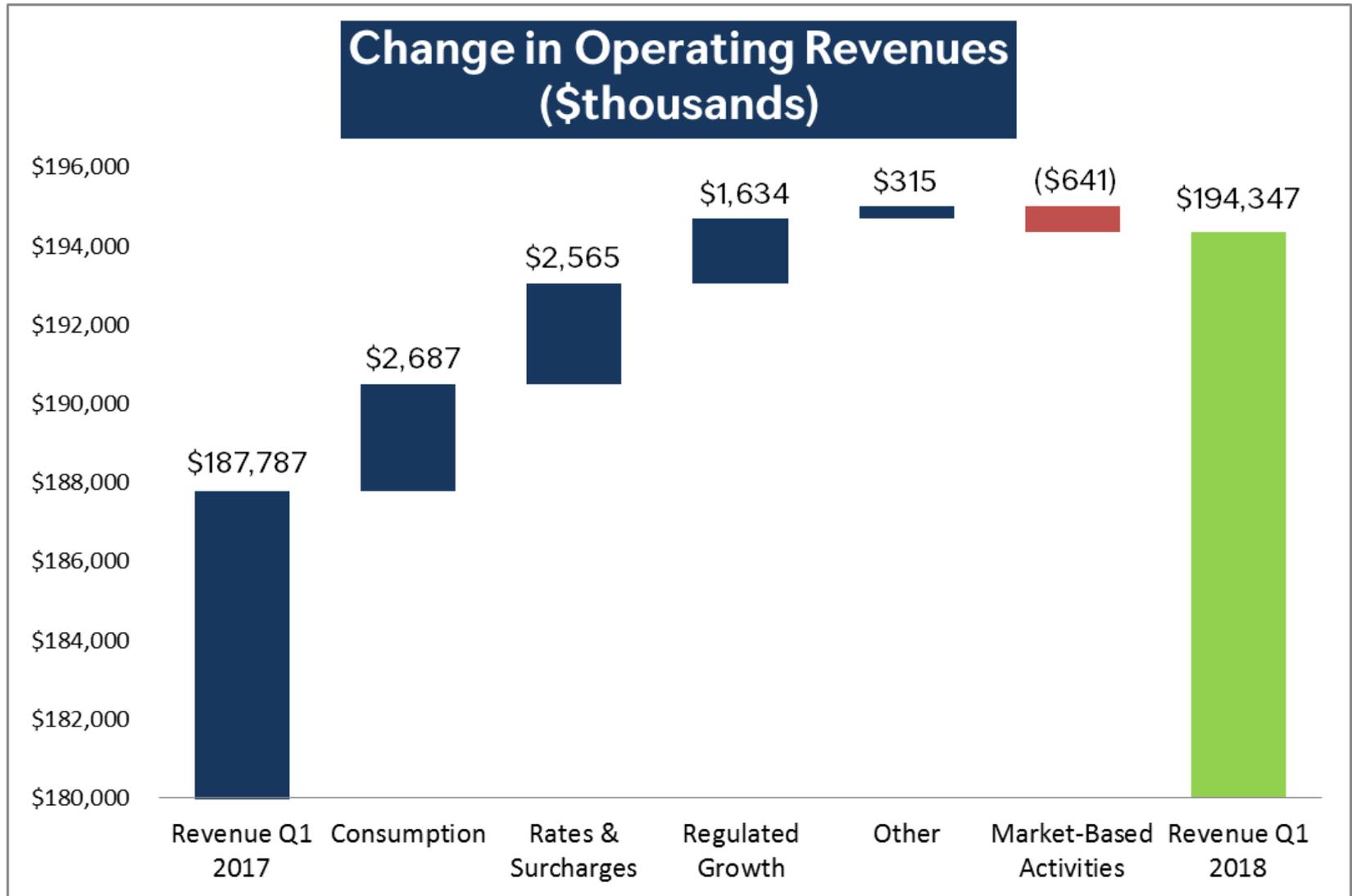
Favorable Change



Unfavorable Change

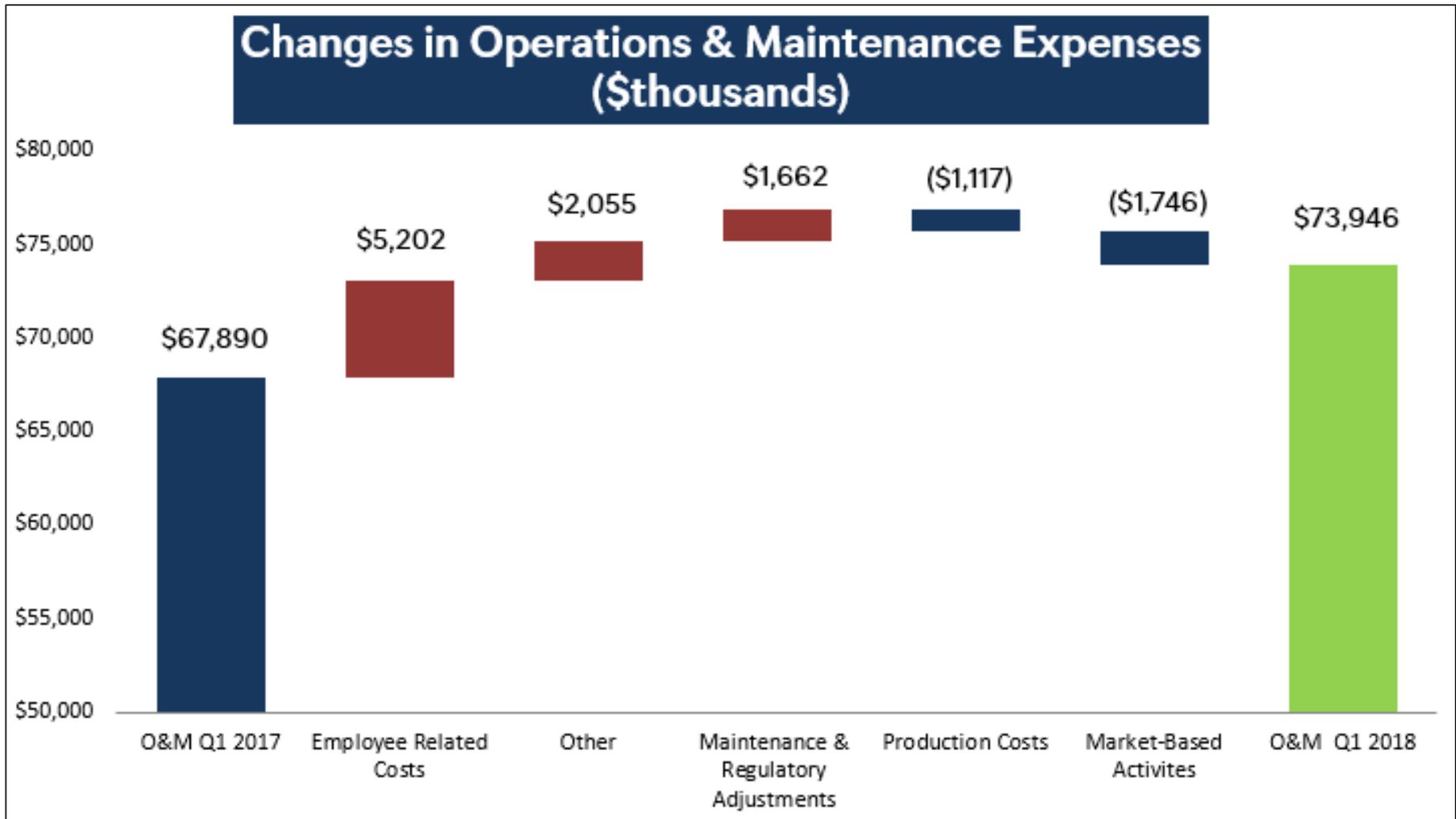
Operating Revenues

Q1 2018 vs. Q1 2017



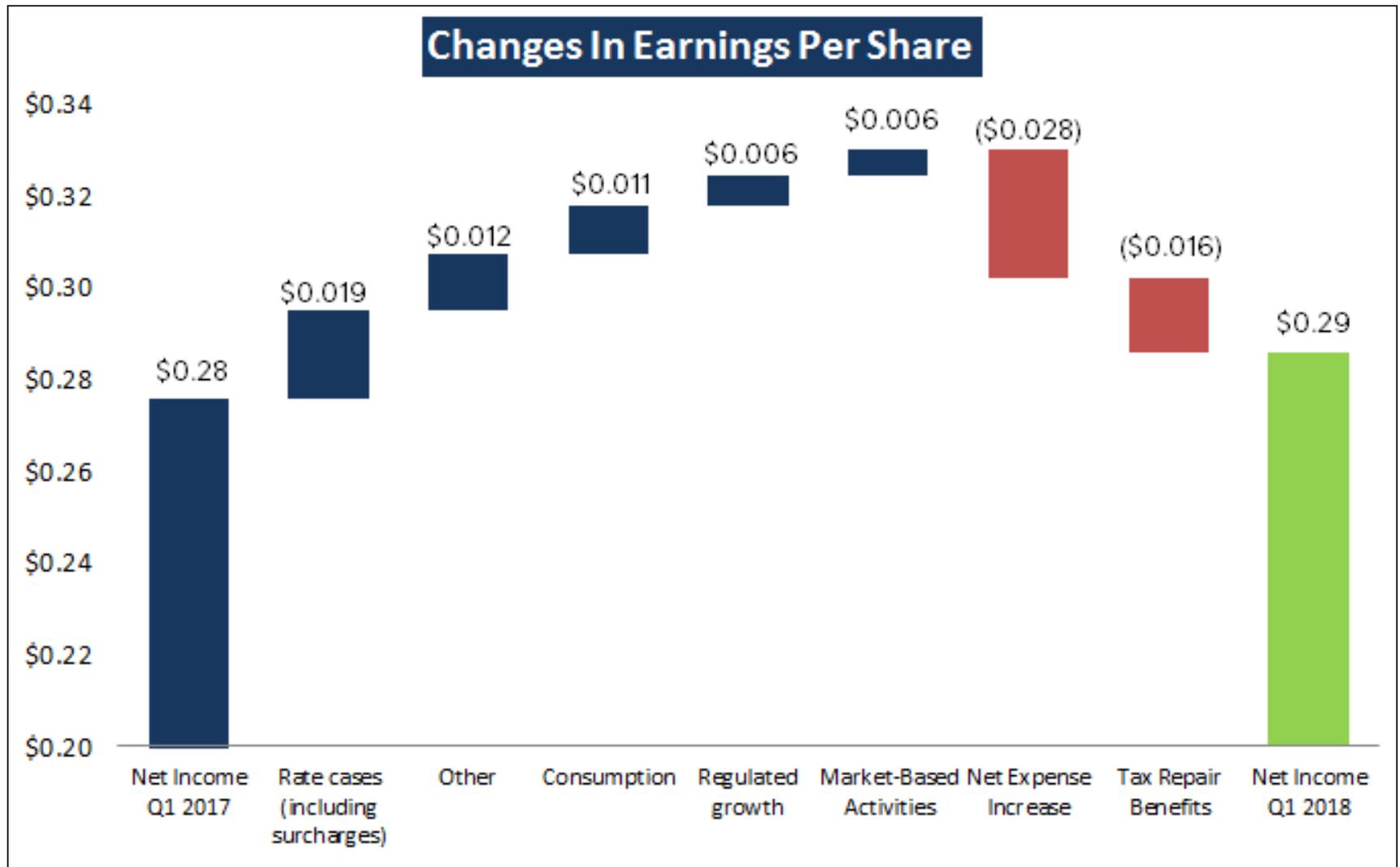
Operations & Maintenance Expenses

Q1 2018 vs. Q1 2017



Earnings per Common Share

Q1 2018 vs. Q1 2017



Rate Activity

2018 Completed Rate Cases and Surcharges

- Base rate cases or surcharges completed in IL, IN, NJ, NC, OH, PA, and TX
- \$23.6 million in additional annualized revenue

2018 Pending Rate Cases and Surcharges

- Base rate cases or surcharges in IN, NC, OH, and VA with requested annualized revenue increase of \$8.6 million

Additional rate activity information provided in Appendix

2018 Municipal Acquisition Activity

We have six municipal acquisitions that are signed and slated to close in 2018.

Acquisition ¹	Type	Approx. Number of Customers	Approx. Purchase Price (\$000s)
System A	WW	5,400	\$75,100
System B	WW	2,100	\$29,500
System D	W	600	\$3,600
System E	W / WW	2,987	\$12,300
System F	WW	3,838	\$25,200
System G	WW	1,400	\$5,000
Total		16,325	\$150,700

1) System C (Tobyhanna, PA) closed in 2017.

2018 Guidance

Christopher Franklin

Chairman, Chief Executive Officer and President



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2018 Guidance

Earnings

- Full-year earnings per share between \$1.37 – \$1.42

Capex

- Infrastructure investment of approximately \$500 million in 2018
- Infrastructure investment of approximately \$1.4 billion planned through 2020 in existing operations
- Rate base growth of approximately 7%

Rate Activity

- Aqua Pennsylvania, files a rate case in 2018 with resolution expected in 2019

Customer Growth

- Total customer growth of between 2 to 3%

Q&A Session



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Thank You for Attending Aqua America's First Quarter 2018 Earnings Call

Second Quarter 2018 Earnings
Conference Call and Webcast
Thursday, August 9, 2018

For more information contact:
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Vice President, Chief of Staff and Investor Relations
610.645.1191

Appendix



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2018 Acquisitions

As of May 8, 2018

State	Acquisitions Closed	Total Customers	Total Collective Purchase Price (\$thousands)
PA	1	81	\$4.5
OH	2	367	\$185.6
Total	3	448	\$190.1

0.2% Total Customer Growth

31% of Acquired Customers from Wastewater Systems

Rates and Infrastructure Surcharges Completed

as-of May 7, 2018

Rates or Surcharges Received in 2018			
State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois*	17-0259	Rate Case (w)	\$6,549
	17-0259	Rate Case (ww)	\$758
Indiana	50137, 50144, 50143, 50141	Tax Compliance Filing	(\$39)
New Jersey	WR16010090	Surcharge (w)	\$1,913
	WR18030237	Tax Compliance Filing	(\$2,615)
North Carolina	W-2018, Sub 363A	Surcharge (w)	\$14
	W-2018, Sub 363A	Surcharge (ww)	\$65
Ohio	Ordinance 22-2013 & 14-041	Rate Case (w)	\$1,333
Pennsylvania	M-2017-2638898, M-2018-3000644, M-2018-3000069	Surcharges (w)	\$19,303
Texas	48197	Tax Credit Surcharge	(\$3,726)
		Total	\$23,555

Rates and Surcharges differentiated by water (w) and wastewater (ww) systems

*IL Rate Case was petitioned for rehearing on 4/6/18 and denied on 4/19/18, however the other parties have 30 days to file an appeal – rate increase awarded could be subject to refund if an appeal is awarded

Rates and Surcharges Pending

as-of May 7, 2018

Rates Pending in 2018			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
Indiana	TBD	Tax Compliance Filing	(\$750)
North Carolina	W-218, Sub 497	Rate Case (w)	\$3,664
	W-218, Sub 497	Rate Case (ww)	\$1,304
	W-218, Sub 363A	Surcharge (w)	(\$27)
	W-218, Sub 363A	Surcharge (ww)	\$50
Ohio	18-0337-WW-SIC	Surcharge (w)	\$2,440
Virginia*	PUR-2017-00082	Rate Case (w)	\$1,489*
	PUR-2017-00082	Rate Case (ww)	\$399*
		Total	\$8,570

Rates and Surcharges differentiated by water (w) and wastewater (ww) systems

*VA Interim Rates were reduced for water, and eliminated for wastewater in response to Tax Reform.

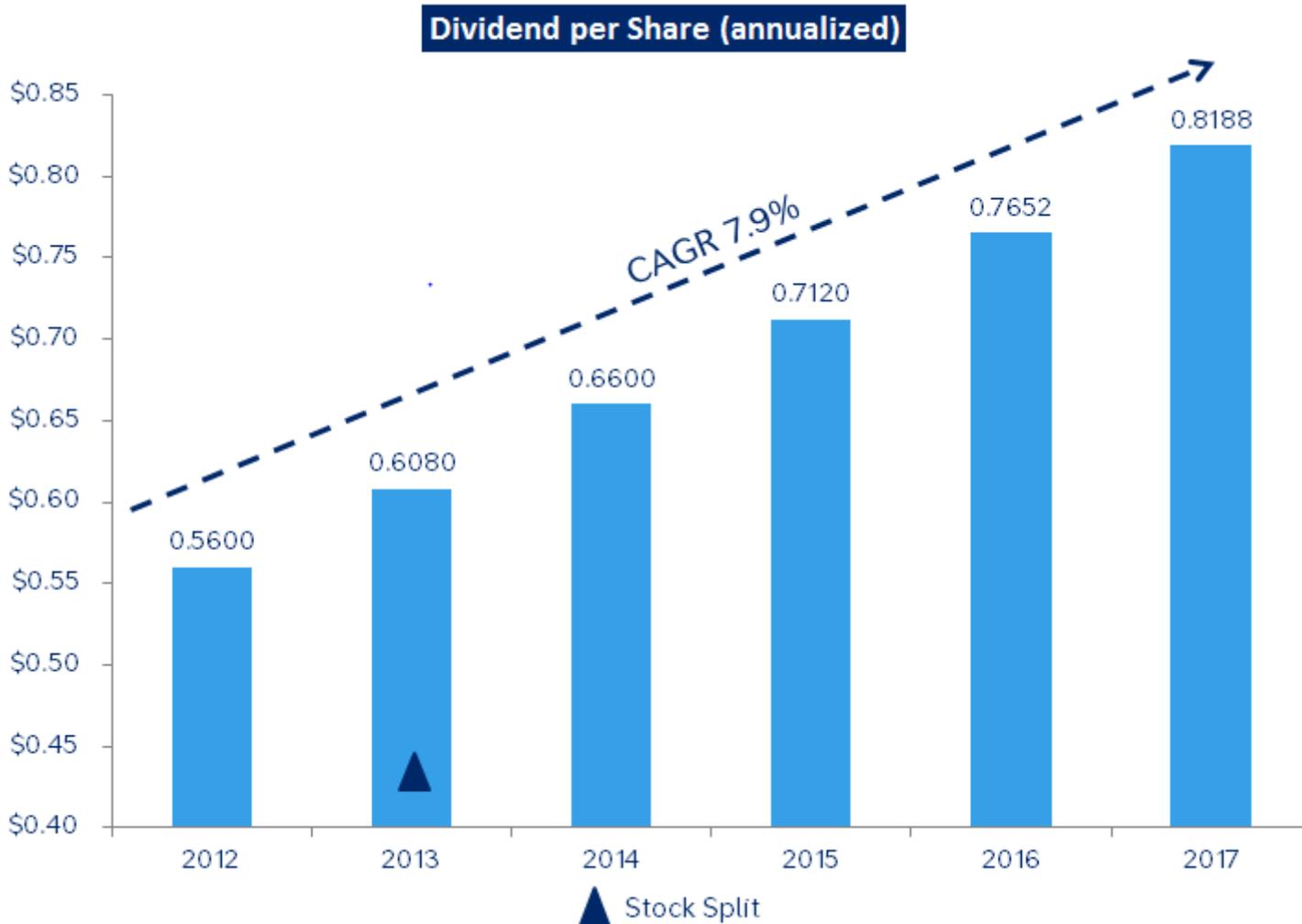
State by State Comparison

as of December 31, 2017

State	Rate Base (\$millions)	Water Connections	Wastewater Connections
PA	\$2,831	437,985	21,306
OH	287	145,000	6,719
IL	276	63,699	9,821
TX	241	63,046	16,869
NJ	172	53,115	6,125
NC	165	79,906	18,293
IN	74	1,169	26,371
VA	77	25,676	7,749
Total	\$4,123	869,596	113,253

Dividend History

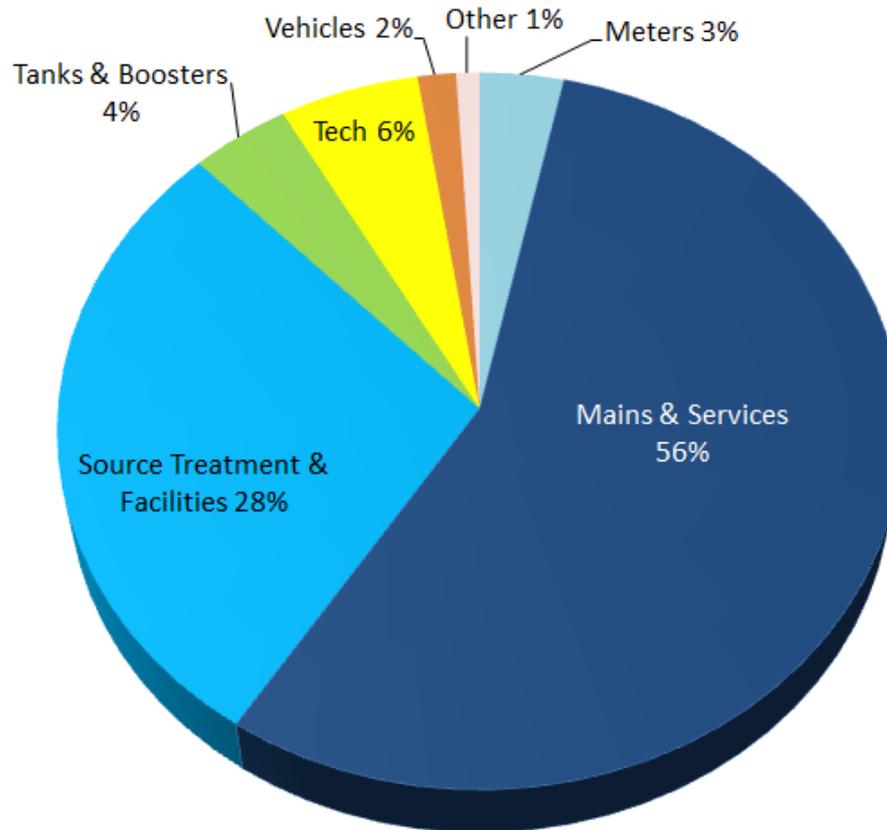
7.0% Increase to Annualized Dividend Rate of \$0.8188 Effective 9/1/2017



Infrastructure Investment

Regulated Operations

Capital Investment Breakdown 2018 - 2020



3 YEAR TOTAL= \$1.4 billion