

Earnings Call

Full Year 2018



February 19, 2019

Forward Looking Statement



Brian Dingerdissen

Vice President, Chief of Staff and Investor Relations

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 the Investor Relations section of the company's Web site at www.AquaAmerica.com

Introduction



Chris Franklin

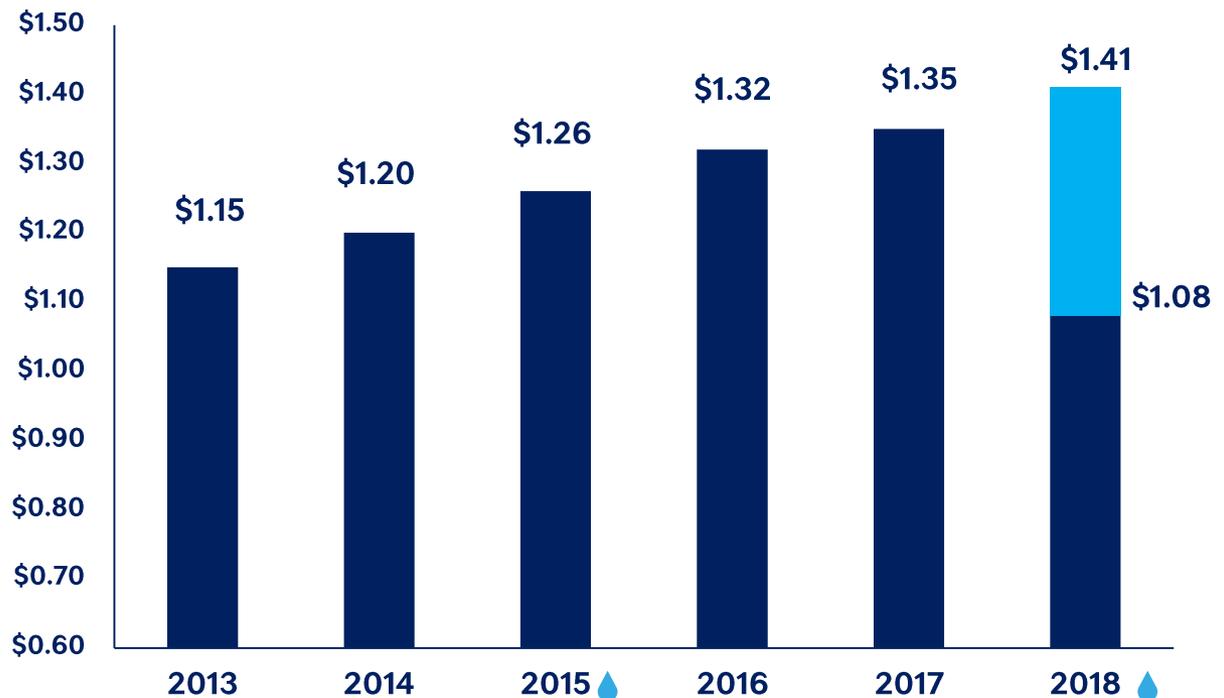
Chairman, Chief Executive Officer and President

2018 Highlights

- Adjusted income in line with guidance, excluding costs related to Peoples transaction
- PA rate case filed
- Strong municipal growth momentum, reaching 1 million water customers
- Fair Market Value passed in North Carolina and Ohio
- Record safety and compliance
- Record infrastructure investment
- Inaugural CSR Report issued
- Announcement of Peoples acquisition

Growth in Income from Continuing Operations per Share

Income from Continuing Operations
per Share (diluted)



💧 2015: Income from Continuing Operations adjusted for joint venture impairment charge (a non-GAAP financial measure). 2015 Income from Continuing Operations per Share was \$1.14

💧 2018 income adjusted for transaction costs and other items related to the Peoples acquisition. GAAP EPS for 2018 was \$1.08.

Aqua Files PA Rate Case Settlement

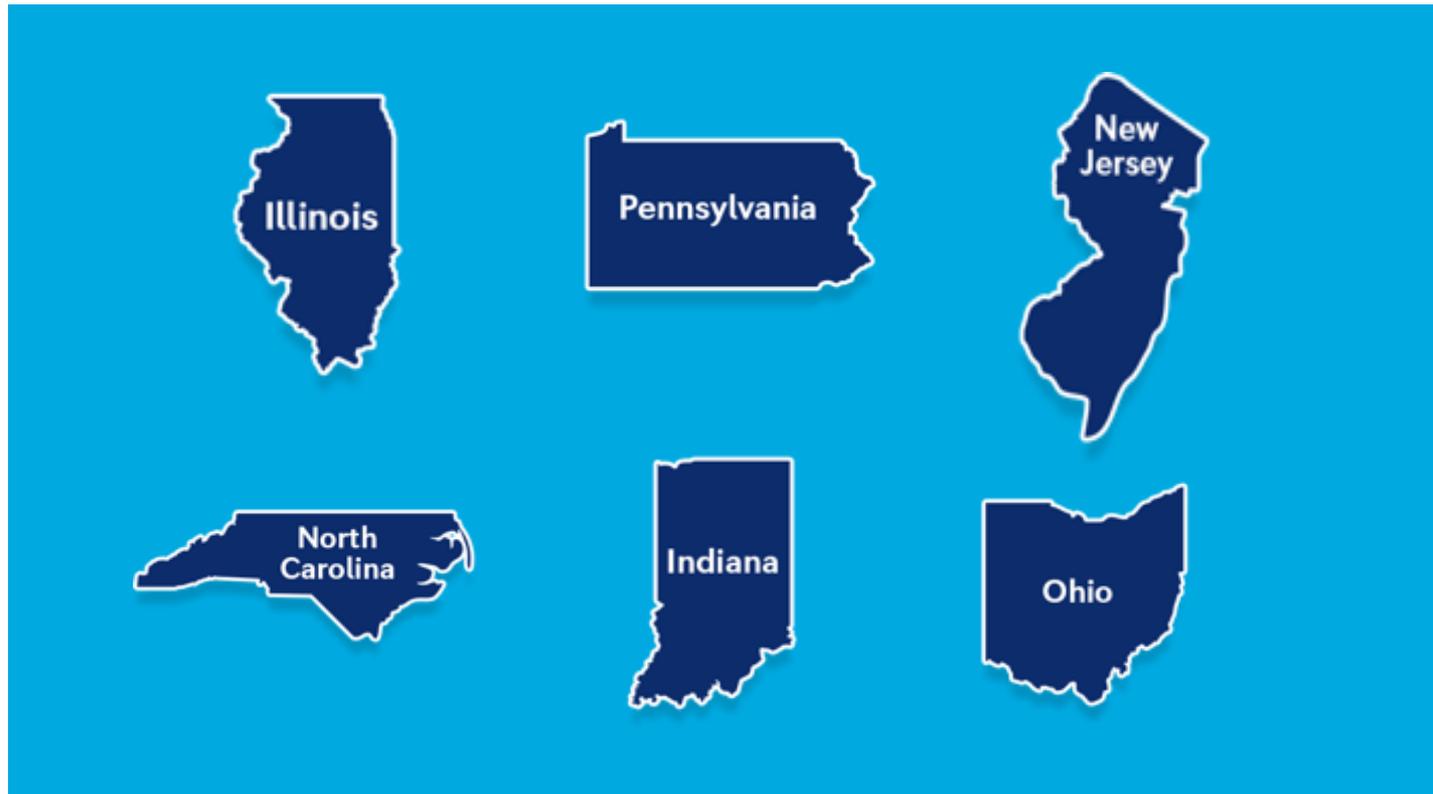
- First rate case since 2011 filing
- Included more than \$2 billion of investment
- Incorporates more than 20 new acquisitions
- Filed settlement on Feb. 8, awaiting approval by administrative law judges and PA PUC
- Settlement includes rates designed to add approximately \$47.3 million in annualized revenue
- Rates expected to go into effect in May 2019
- Allows us to maintain quality and reliability of service

Momentum Continues in Municipal Acquisitions

- Closed Tredyffrin and East Bradford acquisitions in December
- Closed six municipal acquisitions with over 13,700 customers and over \$100 million of rate base in 2018
- Seven municipal deals under agreement with more than 19,000 customers expected to close in 2019
- Fair Market Value (FMV) legislation passed in Ohio and North Carolina



Six of Aqua's States Have Fair Market Value Legislation



Record Safety and Compliance



Since 2003 in southeastern PA water quality service orders are down 53% and main breaks are down 60% to eight per 100 miles.

Record Investment in Infrastructure

- Invested \$495.7 million in pipes, plants and other infrastructure in 2018
- Installed approximately 190 miles of pipe in 2018
- We expect to invest approximately \$550 million in 2019





*Providing and protecting earth's
most essential resource*

October 2018

Inaugural CSR Report

The Corporate Social Responsibility Report provides extensive information on Aqua's accomplishments increasing sustainability and transparency.

January 2019

CDP Survey

The Carbon Disclosure Project (CDP) Survey was completed with a strong first-time performance, reaching the "Awareness" level.

Summary of Financial Results



Dan Schuller

Executive Vice President, CFO

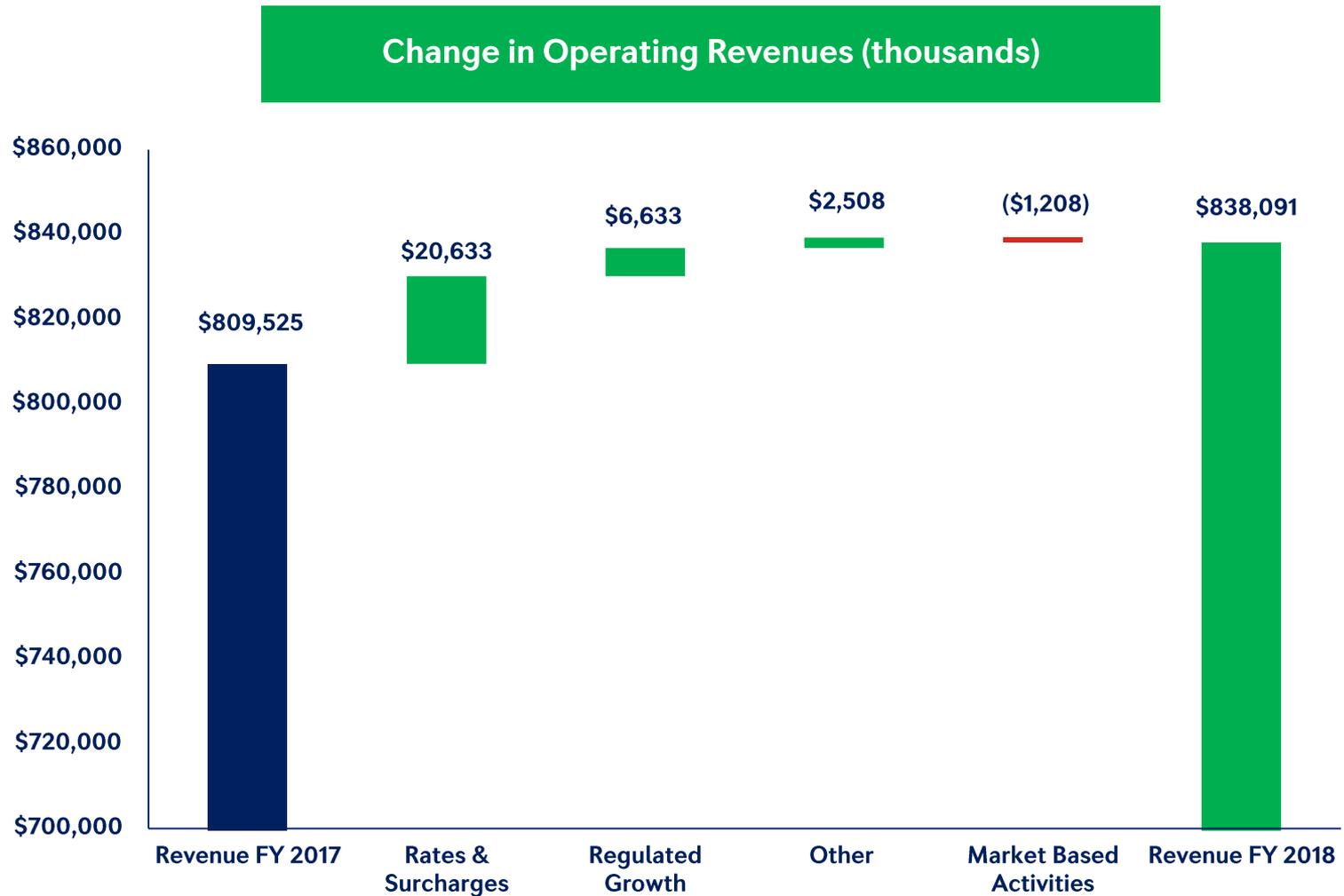
2018 Full Year Highlights

-  Favorable Change
-  Unfavorable Change

In millions except per share	2018		2017	Variance
Revenue	\$838.1		\$809.5	3.5%
Operations and Maintenance Expense	\$308.5		\$282.3	9.3%
Net Income (GAAP)	\$192.0		\$239.7	(19.9%)
Net Income per Share (GAAP)	\$1.08		\$1.35	(20.0%)
Adjusted Income (non-GAAP)	\$250.8		\$239.7	4.6%
Adjusted Income per Share (non-GAAP)	\$1.41		\$1.35	4.4%

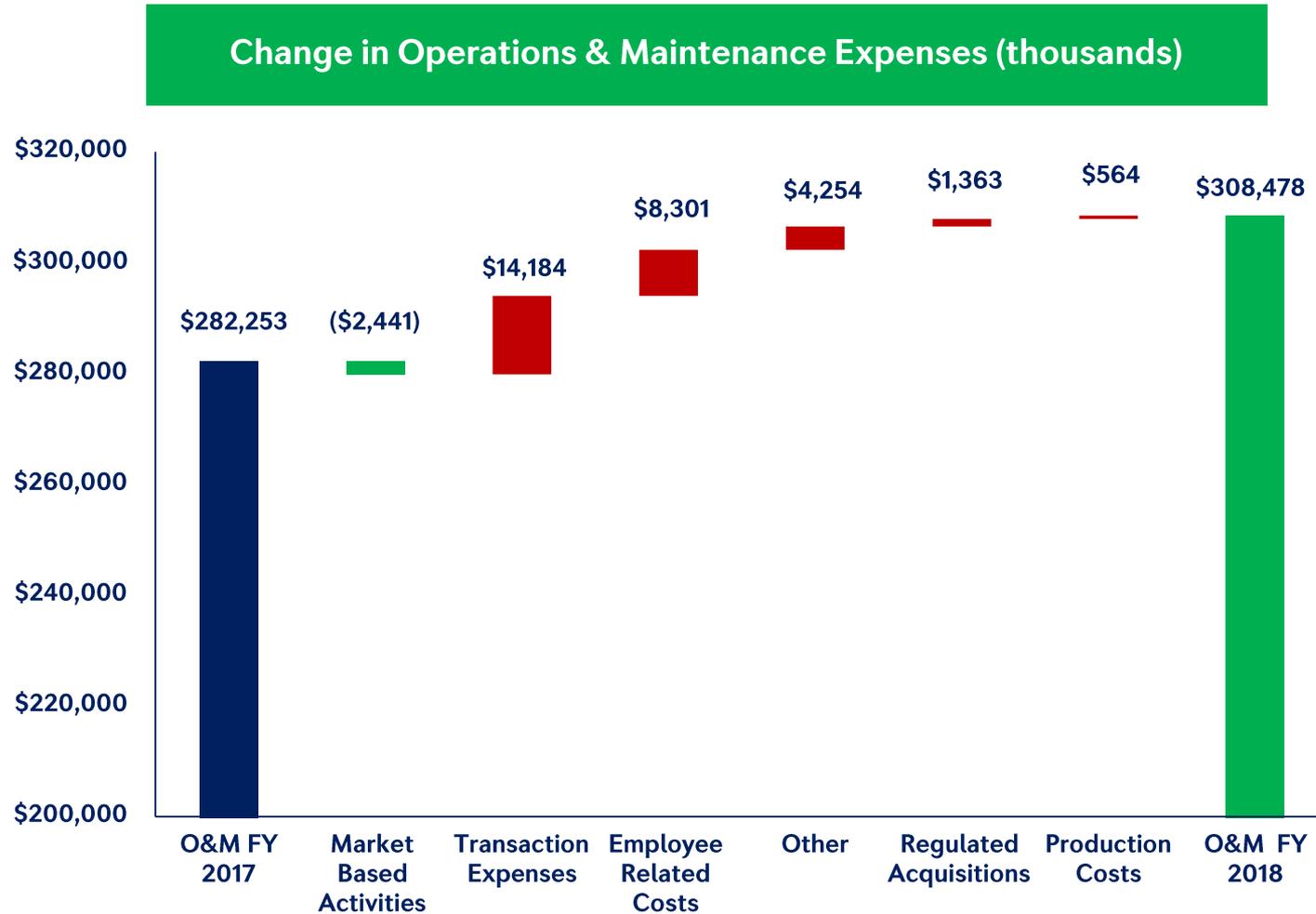
Operating Revenues

FY 2018 vs. FY 2017



Operations & Maintenance Expenses

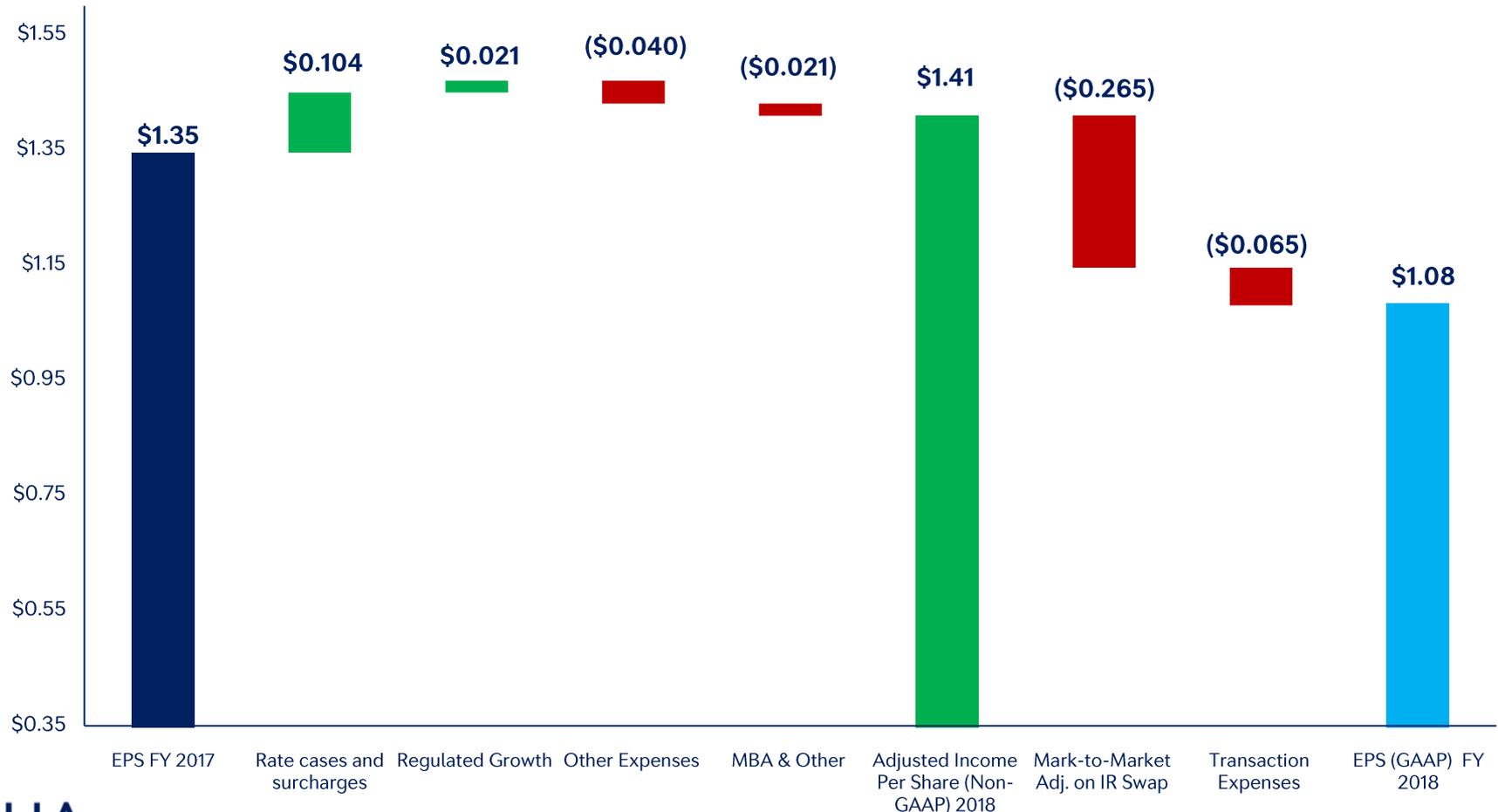
FY 2018 vs. FY 2017



Earnings per Common Share

FY 2018 vs. FY 2017

Change in Earnings Per Share



2018 Rate Activity

As of 12/31/2018

Completed Rate Cases and Surcharges

- Base rate cases or surcharges completed in IL, IN, NJ, NC, OH, PA, TX and VA.
- **\$22.5 million** in additional annualized revenue

Additional rate activity information provided in Appendix

2019 Rate Activity

As of 2/18/2019

Completed Rate Cases and Surcharges

- Base rate cases or surcharges in IL, OH, PA with requested annualized revenue increase of **\$4.4 million**

As of 2/18/2019

Pending Rate Cases and Surcharges

- Base rate cases or surcharges completed in NJ, OH, and PA
- **\$75.1 million** in additional annualized revenue

Growth



Matt Rhodes

Executive Vice President, Strategy & Corporate Development

2018 Closed Municipal Acquisitions

As of Dec. 31, 2018

Acquisitions	State	Type	Total Customers	Approximate Rate Base (\$thousands)
Manteno	IL	WW	3,890	\$25,200
Limerick	PA	WW	5,497	\$64,100
Peotone	IL	W / WW	3,083	\$12,500
East Bradford	PA	WW	1,240	\$5,000
Total			13,710	\$106,800

Also closed acquisition of Tredyffrin Township Municipal Authority's trunk sewer system connecting five municipal systems to treatment plant for \$28.3 million.

2.3% total customer growth 2018, from acquisitions (over 14,000 customers) and organic growth (over 8,500 customers).

Listed in chronological order of closing.

An additional ~450 customers were added from small, non-municipal acquisitions.

Signed Municipal Agreements

As of Feb. 18, 2019

Acquisition	State	Type	Approx. # of Customers	Approx. Purchase Price (\$000s)
New Garden	PA	WW	2,106	\$29,500
Schuylkill	PA	W	600	\$3,600
Grant Park	IL	WW	540	\$2,300
Cheltenham	PA	WW	10,450	\$50,250
Skyline	IL	W/WW	752	\$3,550
East Norriton	PA	WW	4,952	\$21,000
Total			19,400	\$110,200

In addition to the signed agreements above, there is a strong pipeline of other opportunities to drive future rate base and customer growth (over 250,000 new potential customers).

Listed in chronological order of signing.

Additional signed purchase agreement with non-municipal system Northern Neck in Virginia with 569 customers.

Peoples Transaction Update



Matt Rhodes

Executive Vice President, Strategy & Corporate Development

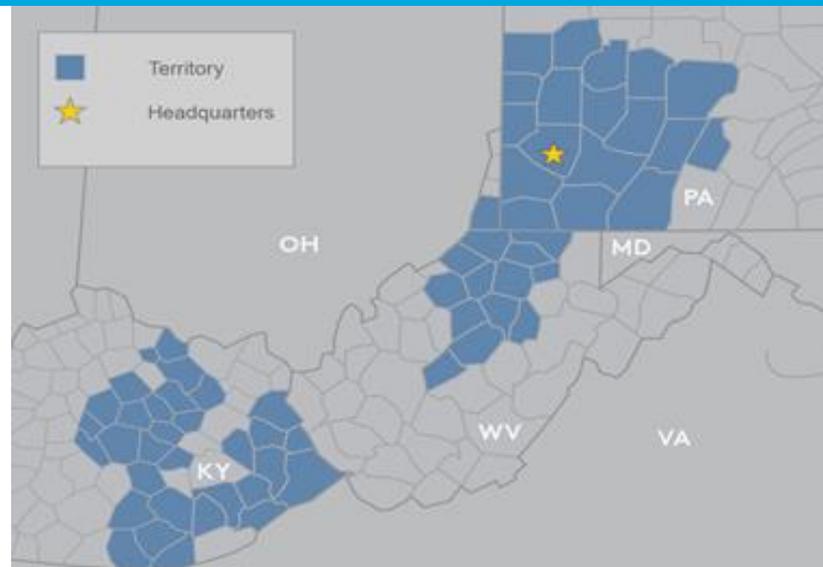
We're Laying
the Groundwork
for a Better
Tomorrow.

AQUA

Peoples: A Leading Natural Gas Utility

A regulated natural gas distributor with over 740,000 total customers.

- Provides natural gas distribution services to over 740,000 total customers in three states
- Headquartered in Pittsburgh, PA
- The company was created through the acquisition of Peoples in Feb. '10, TW Phillips in May '11, Equitable in Dec. '13¹ and Delta Gas in Sept. '17
- Employees: 1,500+
- Approximately 15,500 miles of distribution pipeline, 1,500 miles of gathering pipeline and 250 miles of intrastate transmission pipeline



Financial Overview

- LTIP plan for more than \$200M annually
- 3,100 miles of bare steel and cast-iron pipe to be replaced in coming years at a rate of approximately 150 miles per year
- 98% of EBITDA from regulated gas distribution
- Projected Ann. Rate Base Growth: ~8-10% ('19-'21)
- Peoples Natural Gas filed a rate case in January, 2019

Figures in \$M	2019E
EBITDA ²	\$289
Capex	\$297
Rate Base	\$2,200
Assets	\$3,400

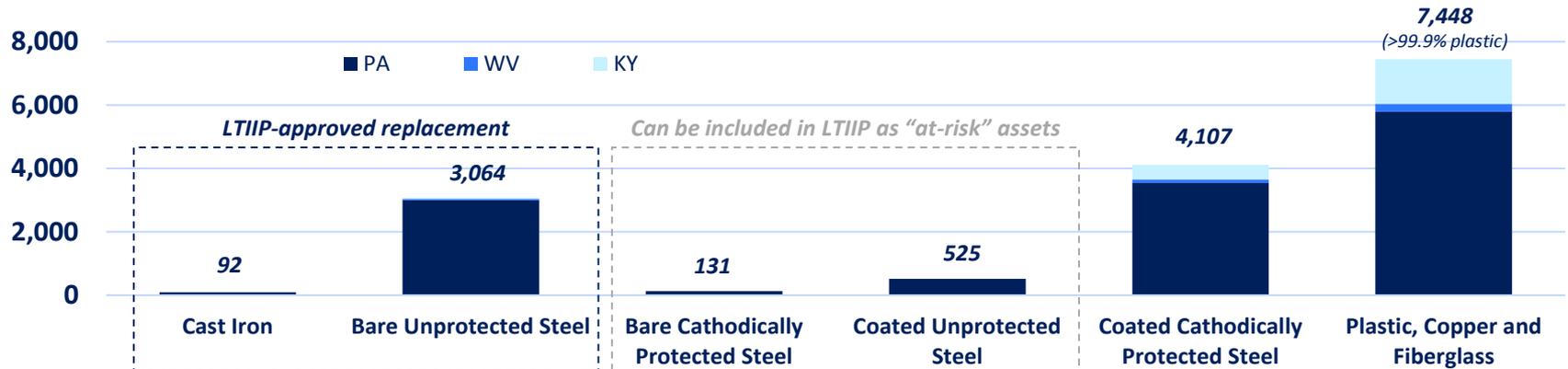
State	Approximate # of Customers
Pennsylvania	691,000
Kentucky	37,150
West Virginia	14,860
Total	743,010

Peoples Pennsylvania Rate Case

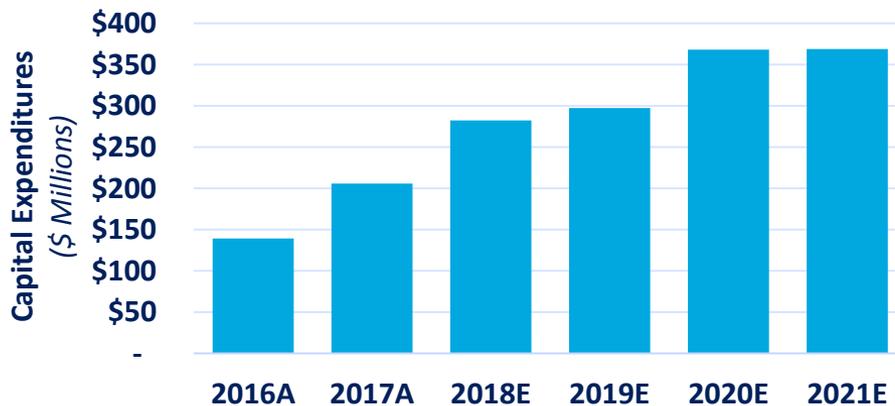
- Filed by Peoples Natural Gas, LLC on January 28, 2019
- Supports the largest infrastructure initiative in company history
- First rate case filed by Peoples Natural Gas since 2012
- Requests \$94.9 million base rate increase
- Recovery of infrastructure replacement and ongoing costs
- Consolidation of two divisions, Peoples and Equitable
- Includes Fully-Projected Future Test Year mechanism
- New rates expected by the fall of 2019

Peoples' Pipeline Replacement Program

Peoples' Distribution System Material (Miles)



Capital Expenditures at Peoples (2016A – 2021E)



- Peoples has identified over 3,000 miles of bare steel and cast iron pipe to be replaced under its Long-term Infrastructure Improvement Plan ("LTIP") by 2034 in its PA service territory alone
 - At approximately 150 miles per year of pipe replacement, this implies ~20 years of increased capital spending
 - DSIC allows for accelerated recovery of capital between rate cases

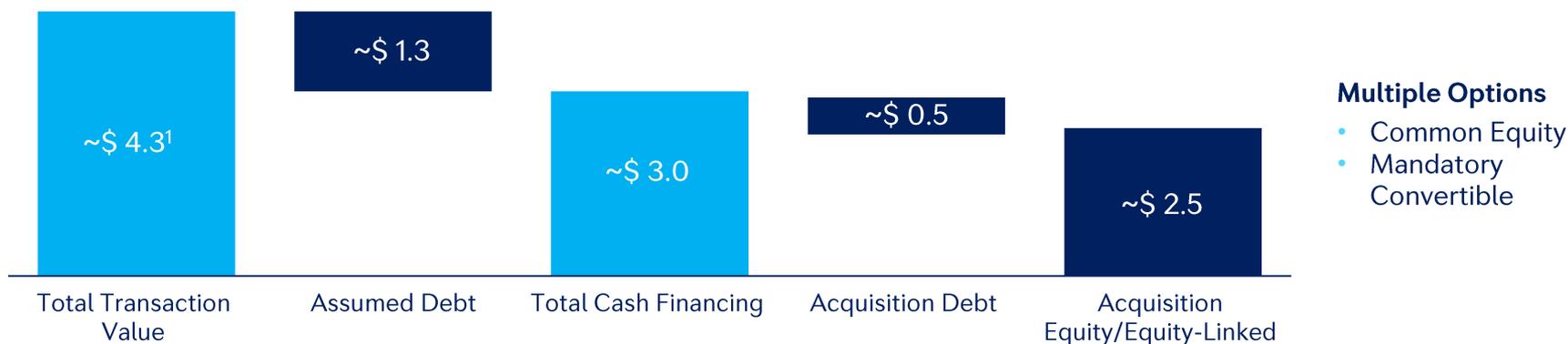
There is ample opportunity at Peoples to deploy capital to improve aging infrastructure and earn timely recovery under the LTIP

Overview of Financing Plan

Acquisition Financing Strategy

- Fully committed acquisition bridge facility
- Current standalone Aqua FFO / Debt of 14% to 15% will remain strong for a fully regulated company following the acquisition at 12% to 13%
- Permanent financing plan targets a strong balance sheet and strong investment grade credit ratings
 - **Equity:** Anticipate issuance of ~\$2.2-2.5B of common equity and equity-linked securities
 - ✓ 30% to 40% in equity-linked securities and the remainder in the form of common equity
 - **Debt:** Anticipate ~\$0.4-0.7B of incremental Aqua America debt issued to fund transaction
 - ✓ We expect to issue index-eligible, public debt in a mixture of 10-year and 30-year tenors
 - ✓ Executed interest rate hedge to mitigate the potential economic impact of higher Treasury rates

Acquisition Funding Sources



Key Milestones

- ✓ Public Announcement
- ✓ Bridge Financing Secured
- ✓ Regulatory Filings Completed
- Equity Offering
- Debt Financing
- State PUC Approvals

Expected Closing Mid-2019

Guidance



Chris Franklin

Chairman, Chief Executive Officer and President

2019 Aqua Stand-Alone Guidance

Excluding Peoples transaction-related items and earnings impacts from Peoples post-closing

Earnings	<ul style="list-style-type: none">• Adjusted income of \$1.45 to \$1.50 per share
Capex	<ul style="list-style-type: none">• Infrastructure investments of approximately \$550 million in 2019 for communities served by Aqua• Infrastructure investments of approximately \$1.4 billion through 2021 in existing operations to rehabilitate and strengthen systems• Rate base growth of 7 percent per year through 2021
Rate Activity	<ul style="list-style-type: none">• Aqua Pennsylvania filed a rate case in August 2018 and filed settlement on Feb. 8, 2019 with rates expected to be effective May 2019.
Customer Growth	<ul style="list-style-type: none">• Total customer growth of between 2 and 3 percent
Peoples	<ul style="list-style-type: none">• Closing of Peoples acquisition expected in mid-2019

Q&A Session

Aqua America

The Aqua America logo features the word "AQUA" in a bold, blue, sans-serif font. The letter "Q" is stylized with a blue wave-like shape underneath it. A small "SM" trademark symbol is located to the right of the word.

AQUASM

Thank You for Attending Aqua's Full Year 2018 Conference Call

**First Quarter 2019 Earnings
Conference Call and Webcast**
Friday, May 3, 2019

For more information contact:

Brian Dingerdissen

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Appendix

Aqua America



Public Information Available on Peoples

Publicly Available Information

- Aqua America Press Release Announcing Peoples Acquisition
- Aqua America Peoples Acquisition Investor Presentation and Call Transcript
- Aqua America Q3 '18 Earnings Presentation and Call Transcript
- 2017 Annual Gas LDC Filing for Peoples' Natural Gas, Peoples' Gas LLC (formerly known as TWP), Peoples WV and Delta Gas
 - Available on SNL energy database and PUC websites
- Credit Ratings Agency Research
 - Moody's research dated Oct 24, 2018
 - S&P Research dated Jul 16, 2018 and Oct 24, 2018
- SNL energy database (rate case filings and FERC financials)

Public Disclosures Provided by Aqua and Peoples

- 3,000+ miles of pipe to be replaced under LTIP
- Annual Capex
 - 2018E: ~\$280mm
 - 2019E: \$297mm
 - 2020E: \$360mm
 - 2021E: \$360mm
- 70% of capex eligible for DSIC or similar mechanisms
- 2019E Key Financials:
 - EBITDA: \$289mm
 - Rate Base: \$2.2bn
 - Assets: \$3.4bn
- Annual Rate Base Growth: ~8-10% ('19E – '21E)
- 370,000 potential customers conversions in Western Pennsylvania

2018 Closed Acquisitions

As of December 31, 2018

Acquisition	State	Transaction	Type	Number of Customers	Approximate Rate Base (\$000s)
Sun Valley	PA	Private	W	81	\$5
Firestone Trace	OH	Private	W/WW	367	\$186
Manteno	IL	Municipal	WW	3,890	\$25,200
Limerick	PA	Municipal	WW	5,497	\$64,100
Peotone	IL	Municipal	W/WW	3,083	\$12,500
East Bradford	PA	Municipal	WW	1,240	\$5,000
				14,158	\$106,800

Also closed acquisition of Tredyffrin Township Municipal Authority's trunk sewer system connecting five municipal systems to treatment plant for \$28.3 million.

Fourth Quarter Highlights

As of Dec. 31, 2018

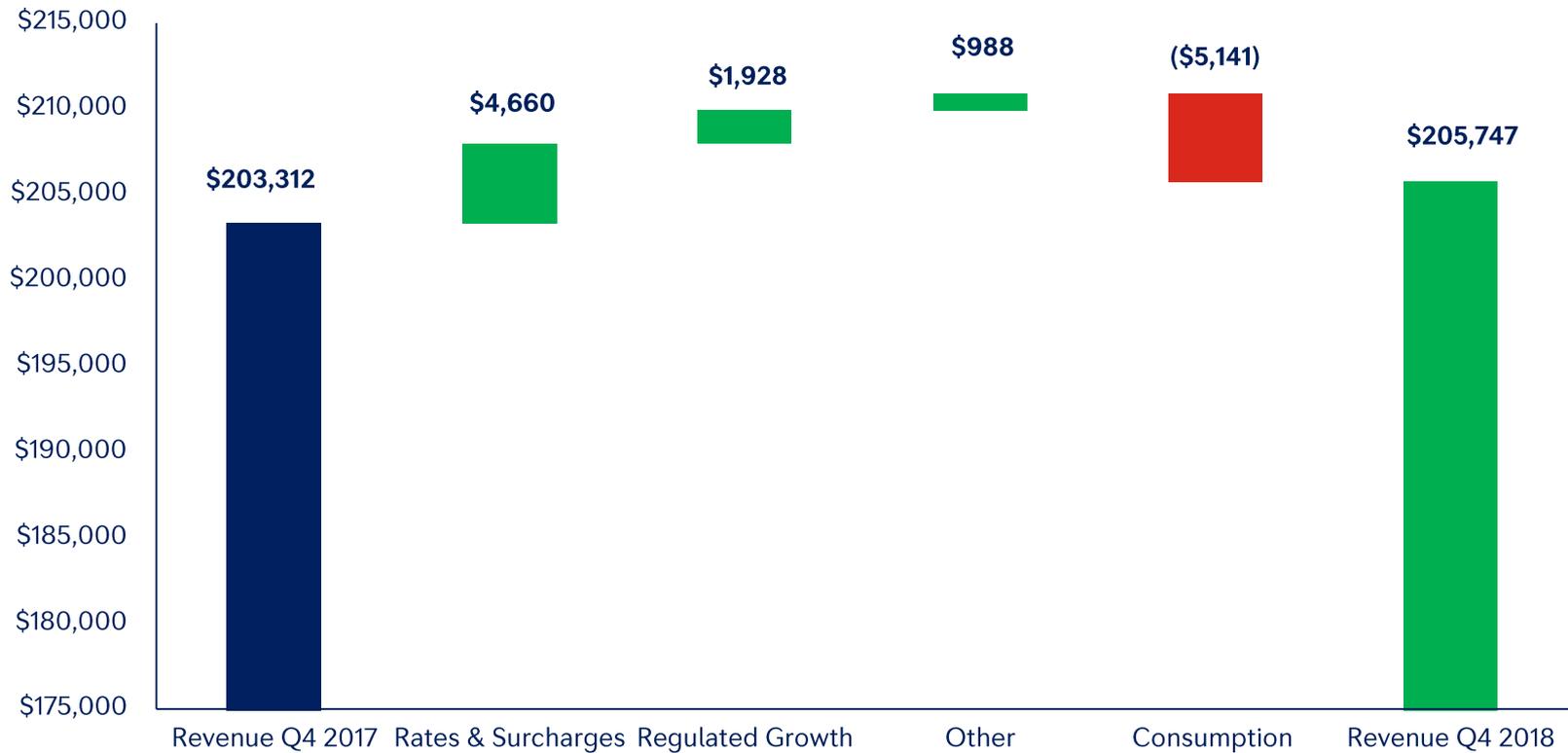
-  Favorable Change
-  Unfavorable Change

In millions except per share	Q4 2018		Q4 2017	Variance
Revenue	\$205.7		\$203.3	1.2%
Operations and Maintenance Expense	\$92.4		\$78.0	18.4%
Net Income (loss) (GAAP)	(\$3.7)		\$53.5	(106.8%)
Net Income (loss) per Share (GAAP)	(\$0.02)		\$0.30	(106.7%)
Adjusted Income (non-GAAP)	\$55.2		\$53.5	3.2%
Adjusted Income per Share (non-GAAP)	\$0.31		\$0.30	3.3%

Operating Revenues

Q4 2018 vs. Q4 2017

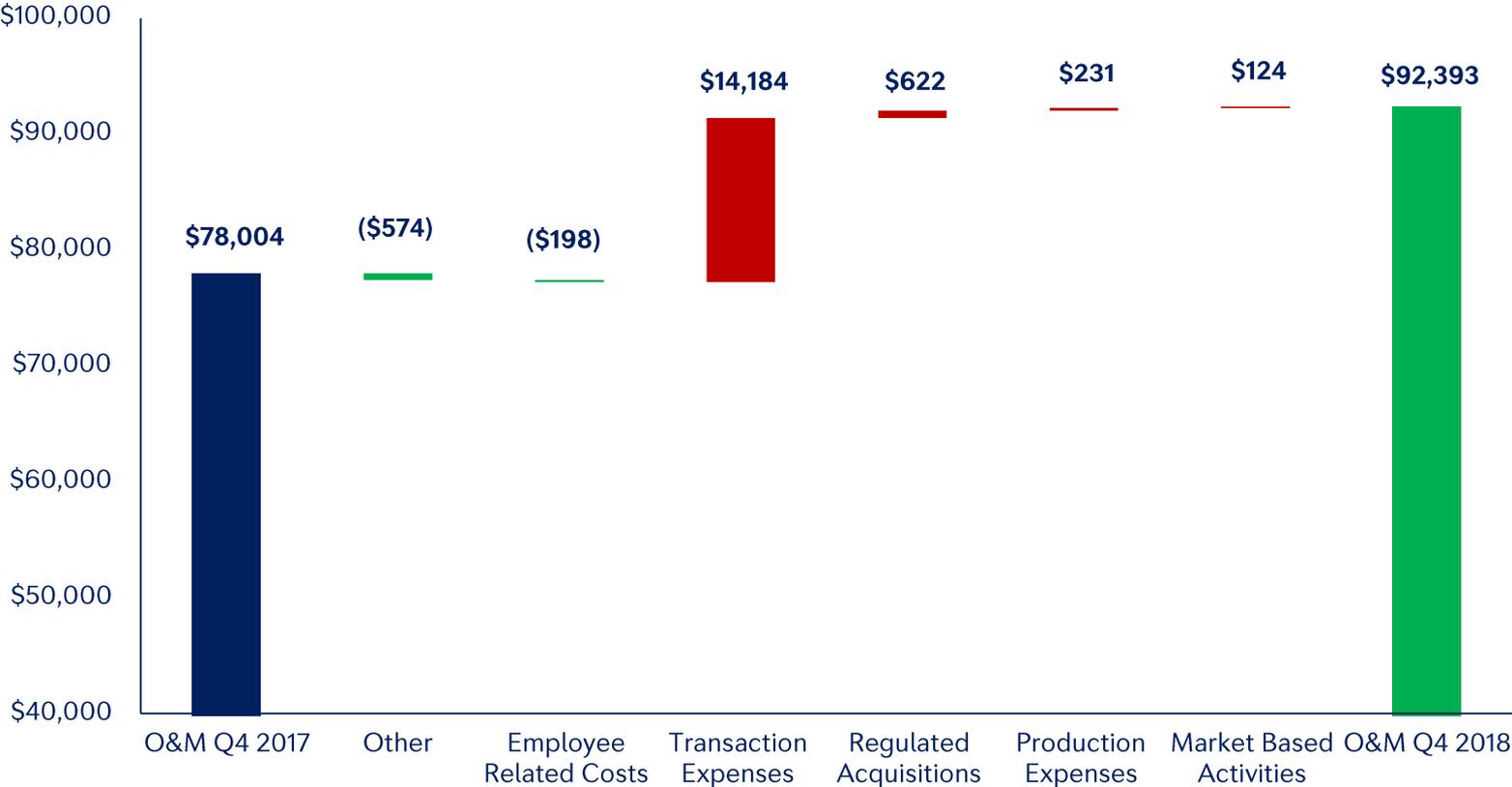
Change in Operating Revenues (thousands)



Operations & Maintenance Expenses

Q4 2018 vs. Q4 2017

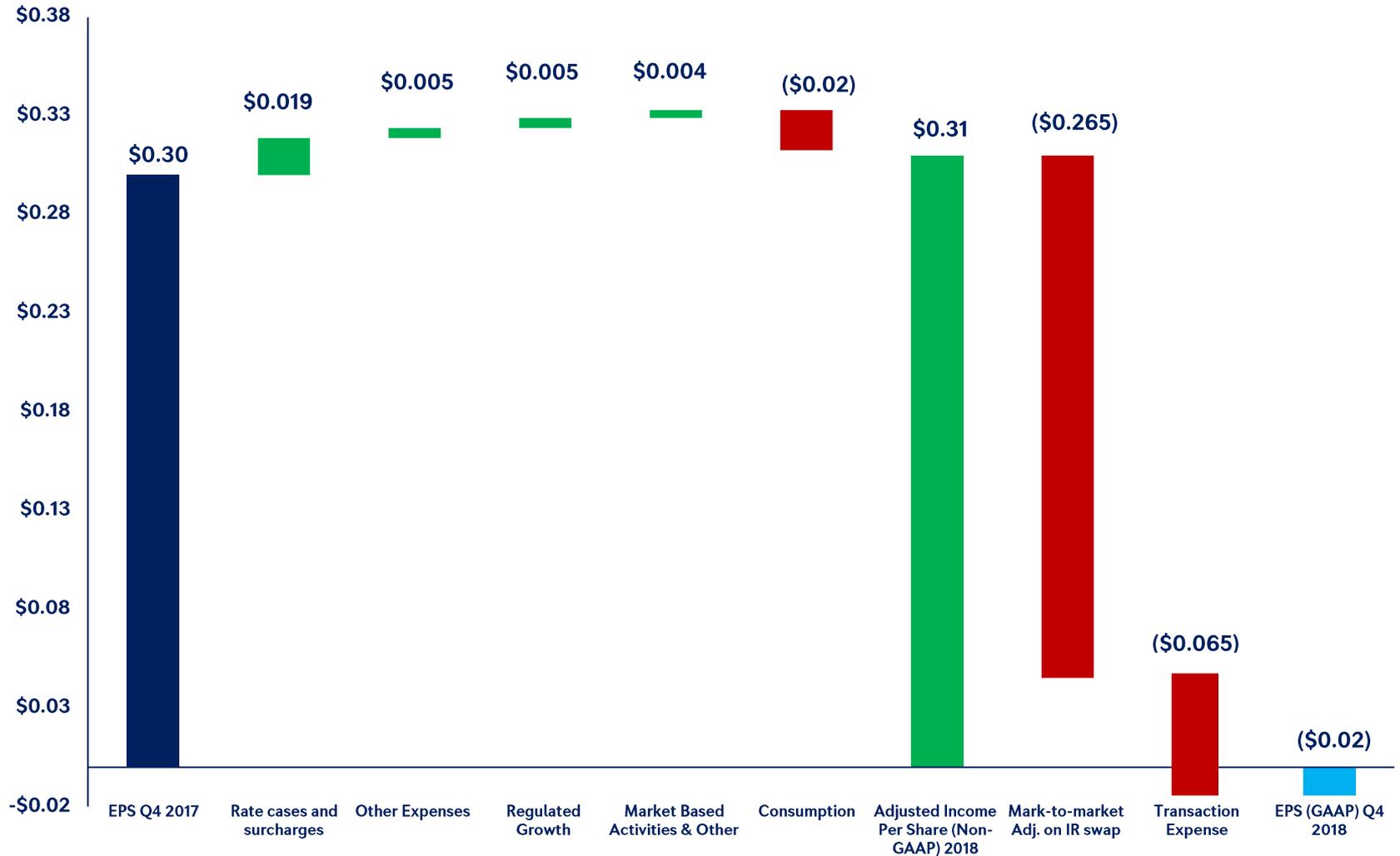
Change in Operations & Maintenance Expenses (thousands)



Earnings per Common Share

Q4 2018 vs. Q4 2017

Change in Earnings Per Share



2018 Rates and Surcharges Completed

As of December 31, 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	(\$788)
	45032 Subdocket 19	Tax Compliance ARAM Surcharge	(\$486)
New Jersey	WR16010090	Surcharge (w)	(\$39)
	WR18030237	Tax Compliance Filing	(\$2,615)
North Carolina	W-218, Sub 363A	Surcharge (w)	(\$13)
	W-218, Sub 363A	Surcharge (ww)	\$115
	W-218, Sub 497	Rate Case (w)	\$1,323
	W-218, Sub 497	Rate Case (ww)	\$1,595
Ohio	Ordinance 22-2013 & 14-041	Rate Case (w)	\$1,333
	N/A	Tax Compliance Filing	(\$830)
Pennsylvania	M-2017-2638898, M-2018-3000644, M-2018-3000069, M-2018-3002175, M-2018-3004063, M-2018-300974, M-2018-3004861	Surcharges (w)	\$19,303
Texas	48197	Tax Credit Surcharge	(\$3,726)
Virginia*	PUR-2017-00082	Rate Case (w)	-
	PUR-2017-00082	Rate Case (ww)	-
		Total	\$22,479

2019 Rates and Surcharges Completed

As of February 18, 2019

State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois	N/A	Surcharge (w)	\$1,118
Ohio	89-7028-WW-TRF	Rate Cases (w)	\$974
	18-0337-WW-SIC	Surcharge (w)	\$2,267
Pennsylvania	M-2018-3006585	Surcharges (w)	\$0
	M-2018-3006634	Surcharges (ww)	\$0
		Total	\$4,359

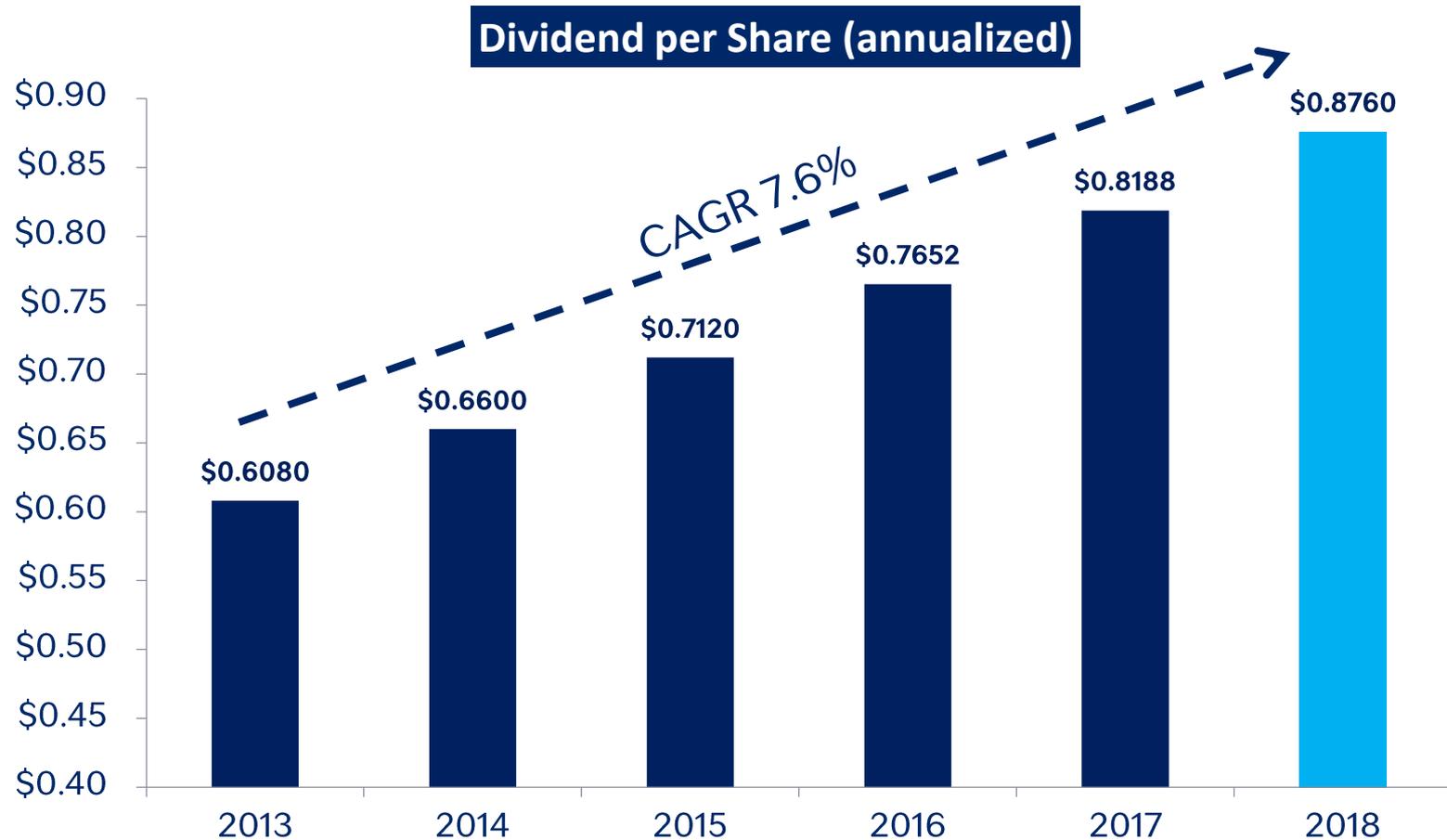
2019 Rates and Surcharges Pending

As of February 18, 2019

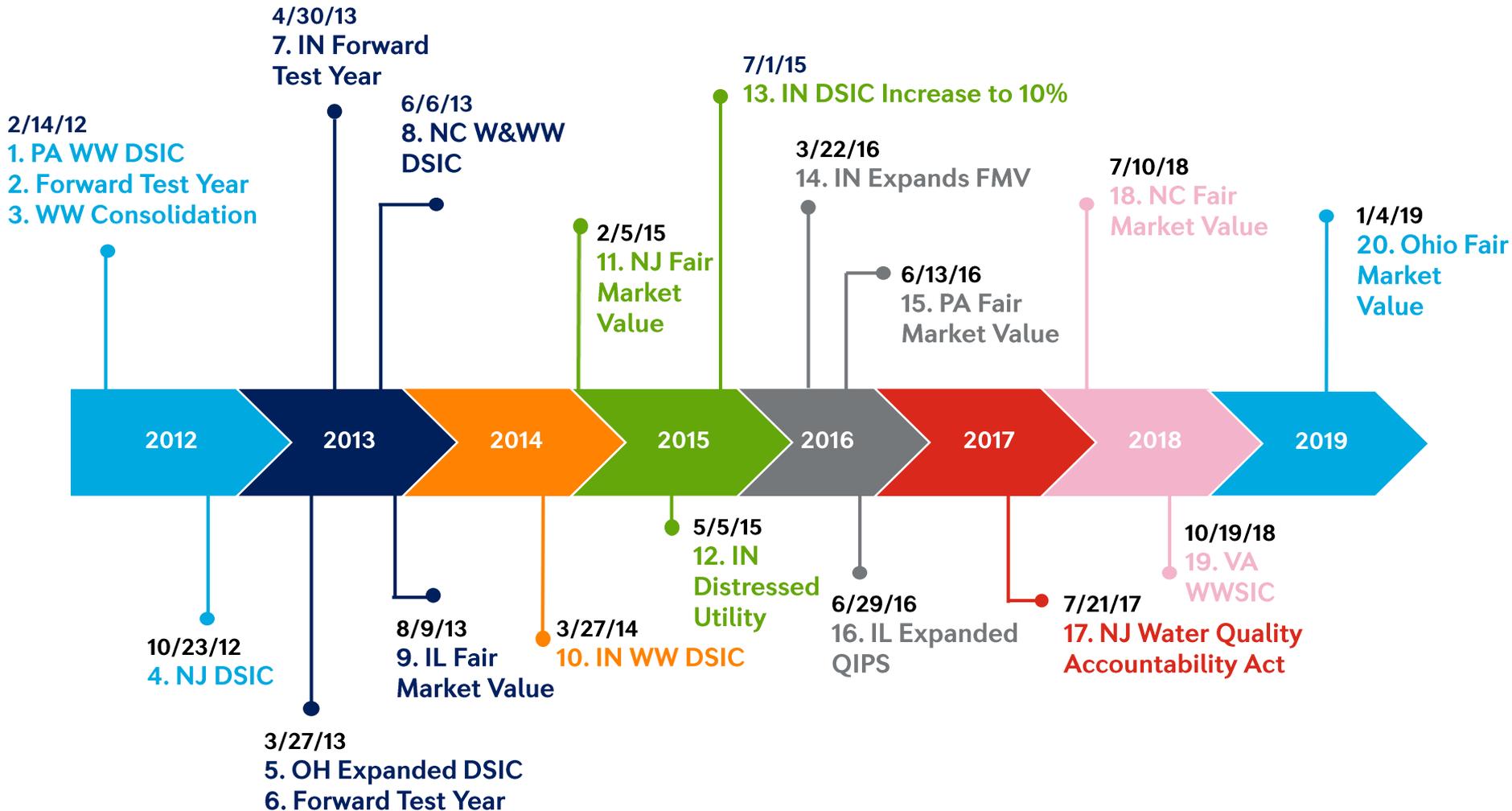
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
New Jersey	WRT18121351	Rate Case (w)	\$7,202
Ohio	18-1843-WW-UNC & 18-1841-ST-UNC	Tax Compliance Surcharge	(\$3,917)
Pennsylvania	R-2018-3003558	Rate Case (w)	\$58,299
	R-2018-3003561	Rate Case (ww)	\$13,470
	TBD	Surcharge (w)	0
		Total	\$75,054

Dividend Increase History

7.0% Increase to Annualized Dividend Rate Effective 9/1/2018



Water & Wastewater Regulatory Trends



State by State Comparison

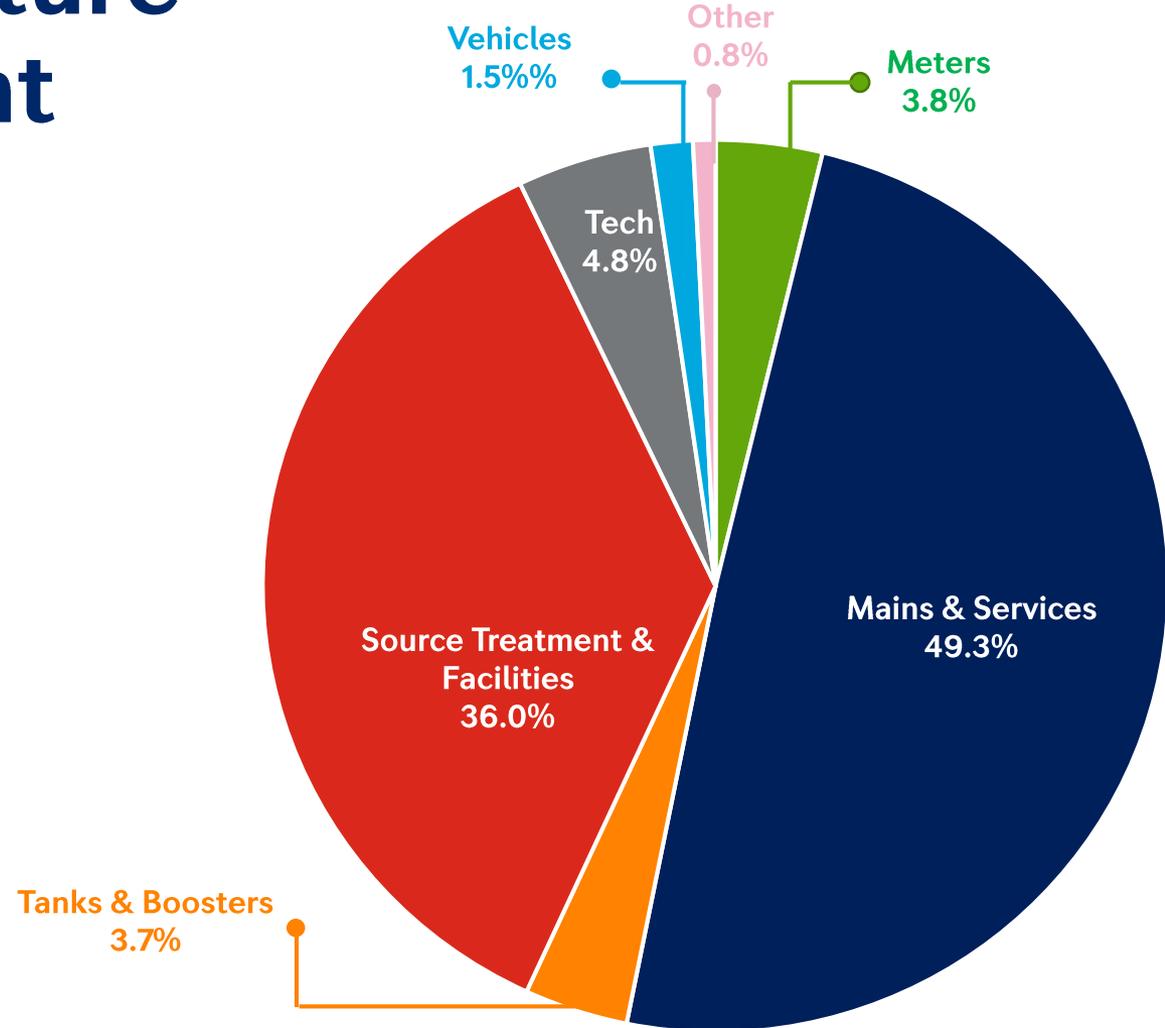
As of December 31, 2018

State	Rate Base (\$millions)	Water Connections	Wastewater Connections	Total Customers
PA	3,096,255	440,487	28,115	468,602
OH	317,168	145,938	6,878	152,816
IL	320,002	65,214	15,222	80,436
TX	234,569	64,360	17,480	81,840
NJ	171,113	53,639	6,213	59,852
NC	203,761	81,074	19,114	100,188
IN	82,622	1,226	26,979	28,205
VA	75,047	25,843	7,787	33,630
Total	4,500,537	877,781	127,788	1,005,569

Infrastructure Investment

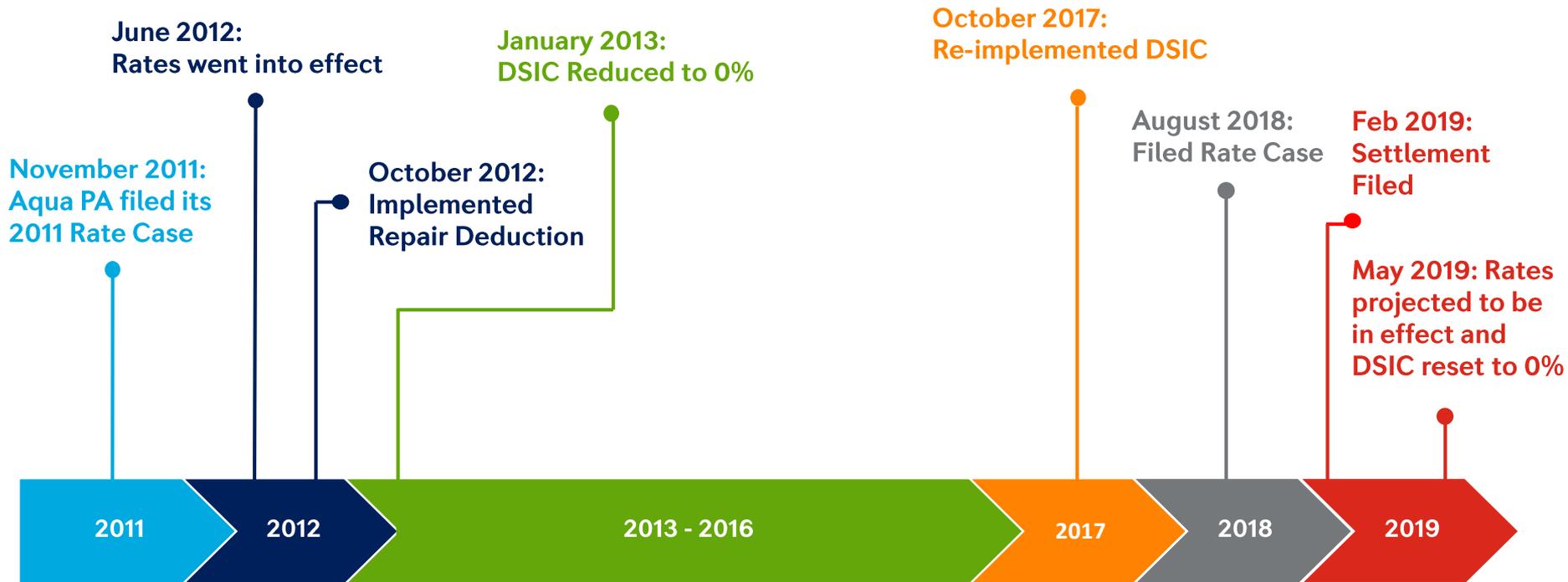
Regulated Operations

Capital Investment Breakdown 2019 - 2021



3 Year Total = \$1.4 billion

PA Rate Case Summary



PA Rate Case Summary

Timeframe:

- Filed: August 2018
- Settlement filed: February 2019
- Rates expected to take effect: May 2019

Case Summary/Issues:

- First case filed in 7 years
- Over \$2 billion of capital
- Consolidated Water & WW
- Over 20 Acquisitions
- First filing using Fully Projected Future Test Year
- Tax Act and Tax Repair

Year	PA CAPX (\$000's)
2012	\$129,923
2013	\$212,721
2014	\$214,155
2015	\$248,354
2016	\$251,373
2017	\$308,006
2018	\$341,102
2019 (est.)	\$323,400
Total	\$2,029,034