

# Earnings Call

AQUA<sup>SM</sup>

NYSE: WTR



**First Quarter 2017**

May 4, 2017

# Forward Looking Statement

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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, 2016, 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](http://www.aquaamerica.com)

# Today's Presenters

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**Christopher Franklin**

President &  
Chief Executive Officer



**Dave Smeltzer**

Executive Vice President &  
Chief Financial Officer



**Brian Dingerdissen**

Vice President, Chief of Staff  
& Investor Relations

# Introduction

## Christopher Franklin

President and Chief Executive Officer



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# Today's Agenda

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- Corporate Update



- Quarter Highlights



- Summary of Financial Results



- 2017 Guidance

# Corporate Update

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# Corporate Update



# 2017 First Quarter Highlights

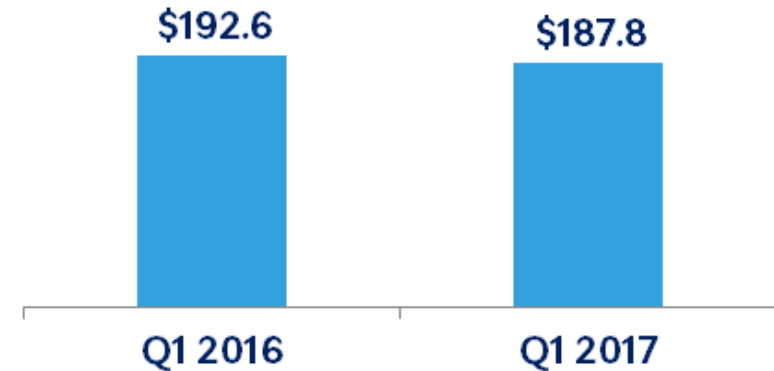
## Year-to-date Customer Growth

- 262 additional connections from acquisitions
- 0.2% customer growth from organic growth and acquisitions
- 4 pending municipal acquisitions

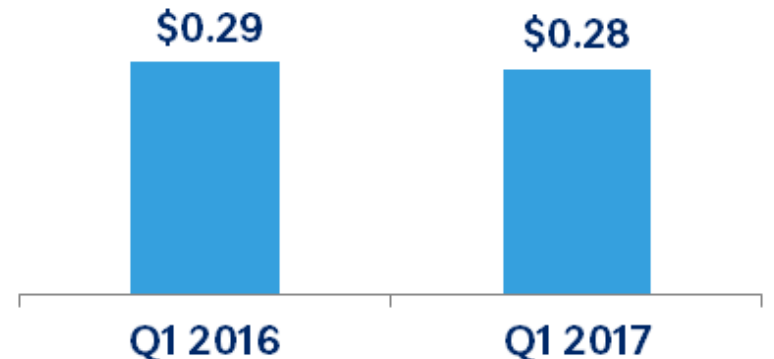
## Quarterly Cash Dividend of \$0.1913

- 72<sup>nd</sup> year of paying a consecutive quarterly dividend
- 26<sup>th</sup> dividend increase in 25 years

## Operating Revenue (\$millions)



## Net Income per Common Share





# Pending Acquisition Activity

as-of May 4, 2016

<u>2017 Anticipated Closings</u>				
System	Type	Customers	Purchase Price (\$thousands)	
System A	Muni	5,400	\$75,000	
System B	Muni	2,100	\$29,000	
System C	Muni	700	\$5,500	
System D	Muni	600	\$3,600	
	<b>Total</b>	<b>8,800</b>	<b>\$113,100</b>	

# Summary of Financial Results

## Dave Smeltzer

Executive Vice President and Chief Financial Officer



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# 2017 Financial Results

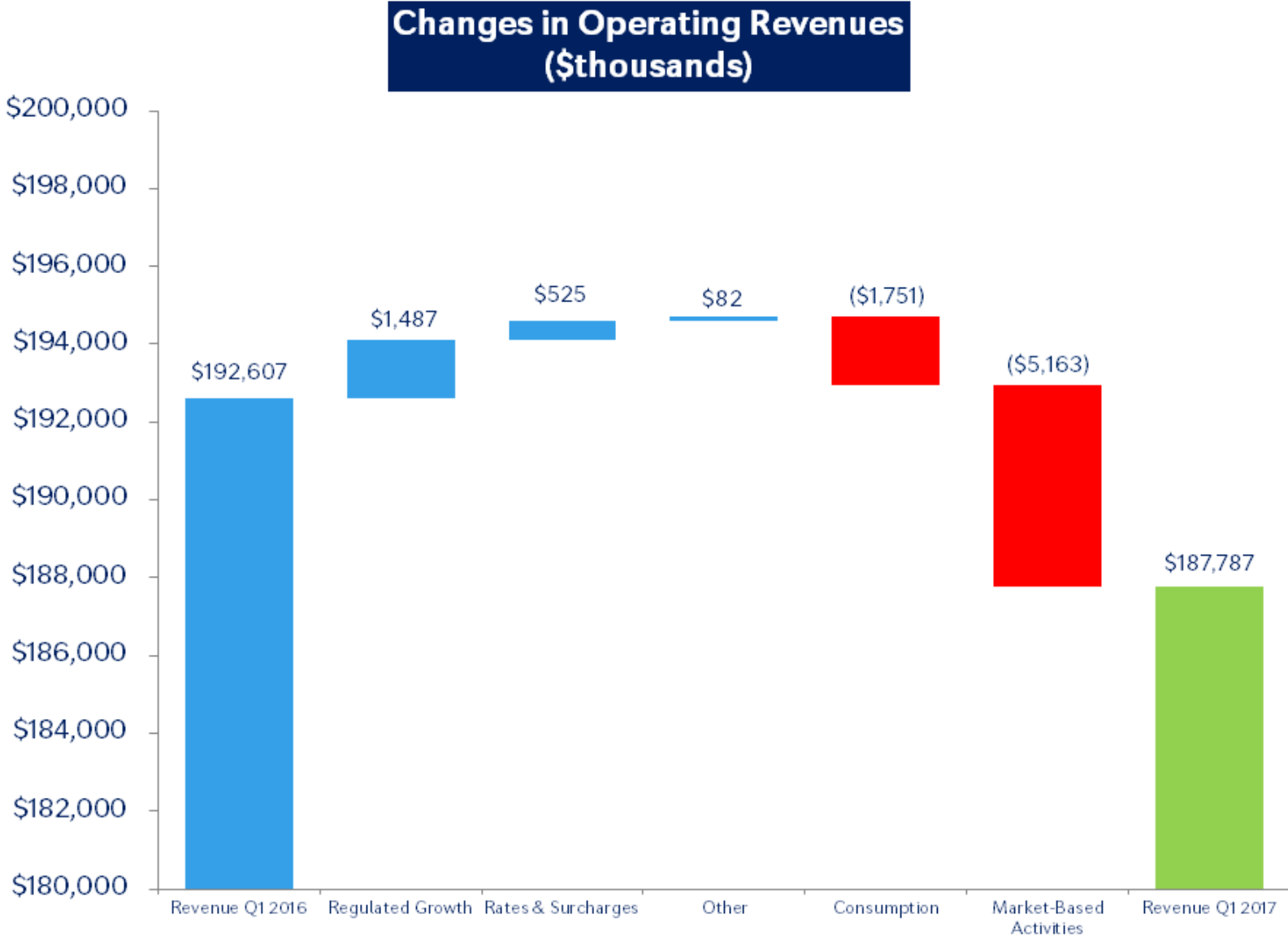
	In millions except per share	Q1 2017		Q1 2016	Variance
<b>Revenue</b>		\$187.8	▼	192.6	(2.5%)
<b>Regulated Segment Revenue</b>		\$186.3	▲	\$186.0	0.2%
<b>Operations and Maintenance Expense</b>		\$69.1	▼	\$73.5	(6.0%)
<b>Regulated Segment Operations and Maintenance Expense</b>		\$67.5	▲	\$67.3	0.3%
<b>Net Income</b>		\$49.1	▼	\$51.7	(5.2%)
<b>Net Income per Share</b>		\$0.28	▼	\$0.29	(3.4%)

 Favorable Change

 Unfavorable Change

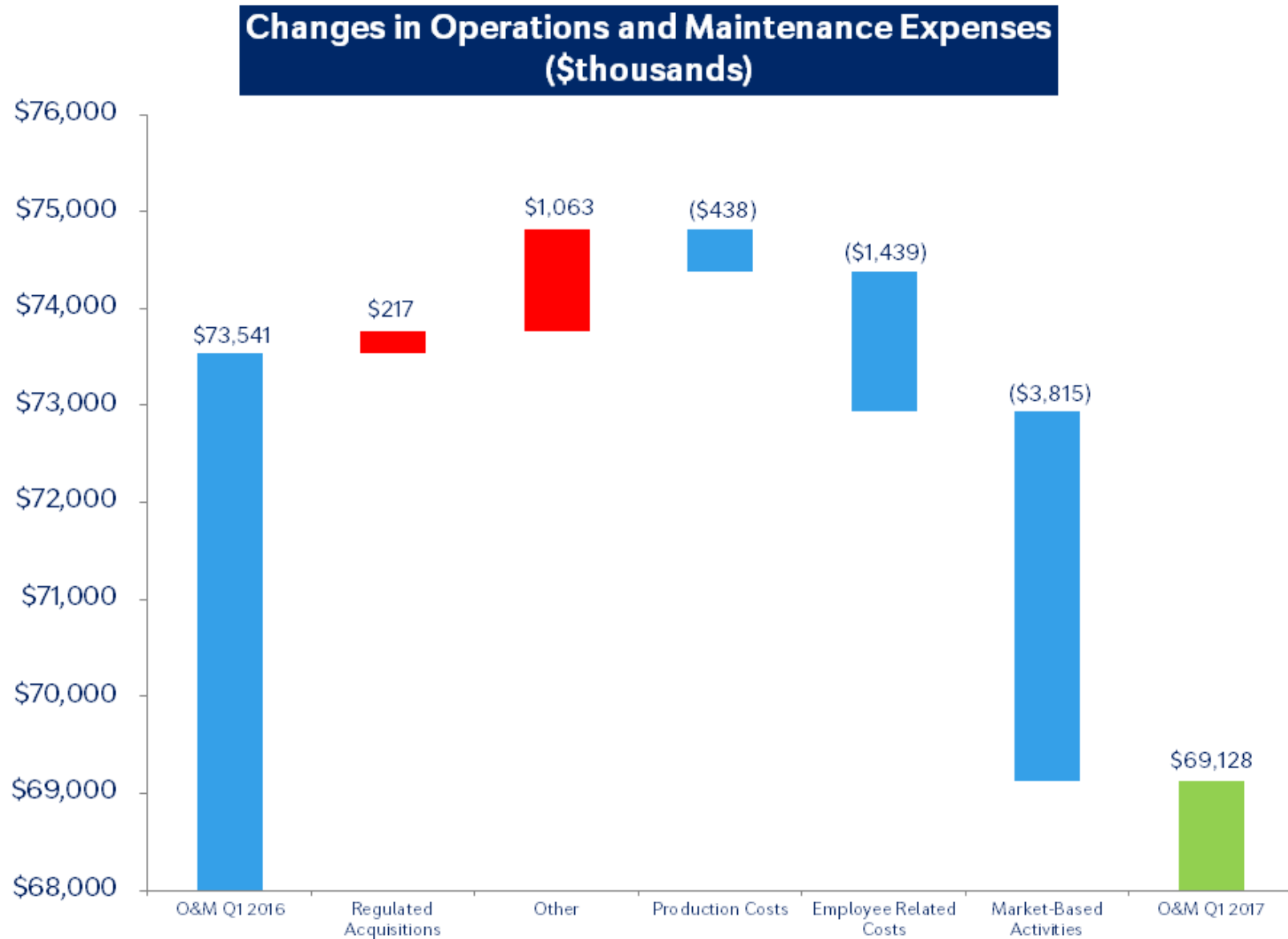
# Operating Revenues

Q1 2017 vs. Q1 2016



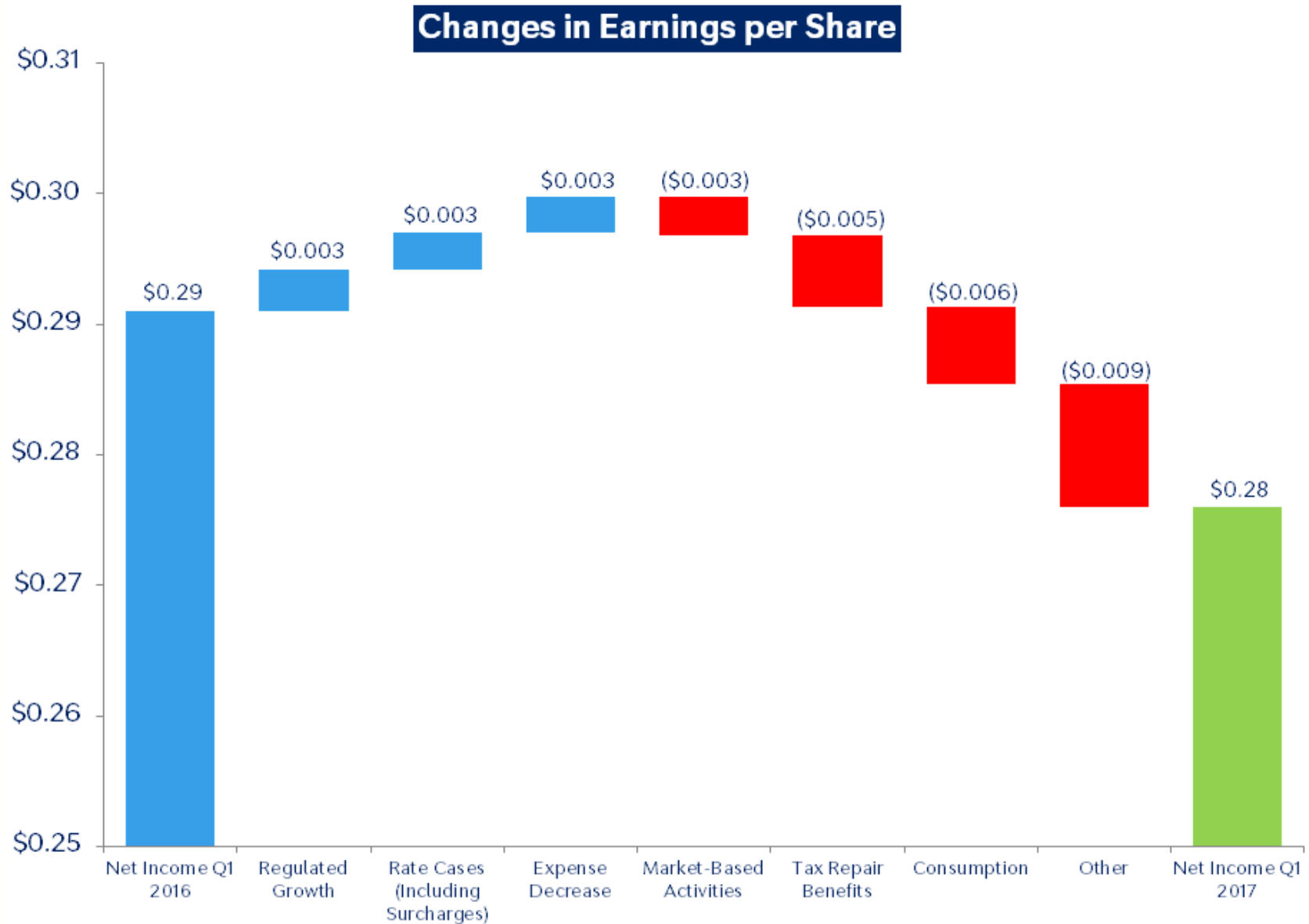
# Operations & Maintenance Expenses

Q1 2017 vs. Q1 2016



# Earnings per Common Share

Q1 2017 vs. Q1 2016





# Rate Activity

## 2017 Completed Rate Cases and Infrastructure Surcharges

- Base rate cases or infrastructure surcharges completed in IN, IL, NJ, NC and OH
- \$10.7 million in additional annualized revenue

## 2017 Pending Rate Cases

- Base rate case in IL and VA with requested annualized revenue increase of \$12.2 million

\*Additional rate activity information provided in Appendix

2017

# Christopher Franklin

President and Chief Executive Officer



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# 2017 Guidance

## Earnings

- Full-year earnings per share between \$1.34 – \$1.39

## Operations and Maintenance Expense

- Same-system O&M increase of 1 – 2% for full year

## Capex

- More than \$450 million
- More than \$1.2 billion through 2019
- Rate base growth of approximately 6 – 7%

## Rate Activity

- Aqua PA expected to file infrastructure investment charge in 2017
- Pennsylvania rate case filing likely in 2018, with resolution expected in 2019

## Customer Growth

- 1.5 – 2% year-over-year customer growth

# Q&A Session



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# Thank You for Attending Aqua America's First Quarter 2017 Earnings Call

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2017 Second Quarter Earnings  
Conference Call and Webcast  
Thursday, August 3, 2017

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

# Appendix



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# Rates and Infrastructure Surcharges Completed

as-of May 4, 2017

Rates or Surcharges Received in 2017			
State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Indiana	44752	Rate Base (w)	\$1,896
Illinois	N/A	Surcharge (w)	\$454
	N/A	Surcharge (w)	\$660
	N/A	Surcharge (ww)	\$42
	N/A	Surcharge (w)	\$64
	N/A	Surcharge (ww)	\$116
	N/A	Surcharge (ww)	\$128
	N/A	Surcharge (ww)	\$5
	North Carolina	W-215-Sub-363A	Surcharges (w)
W-215-Sub-363A		Surcharges (ww)	\$57
W-215-Sub-363A		Surcharges (w)	\$25
Ohio	Ordinance # 22-2013	Rate Case (w)	\$731
	Ordinance # 14-041	Rate Case (w)	\$534
	16-0907-WW-AIR	Rate Case (w)	\$4242
		<b>Total <sup>(1)</sup></b>	<b>\$10,680</b>

- Including (\$0.02) million of New Jersey sewer pass thru Rates and Surcharges differentiated by water (w) and wastewater (ww) systems

# Rates and Infrastructure Surcharges Pending

as-of May 4, 2017

Rates Pending in 2017			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
Virginia	N/A	Rate Case (w)	\$67
	N/A	Rate Case (ww)	\$88
Illinois	N/A	Rate Case (w)	\$10,542
	N/A	Rate Case (w)	\$1,458
		<b>Total</b>	<b>\$12,155</b>

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

# State by State Comparison

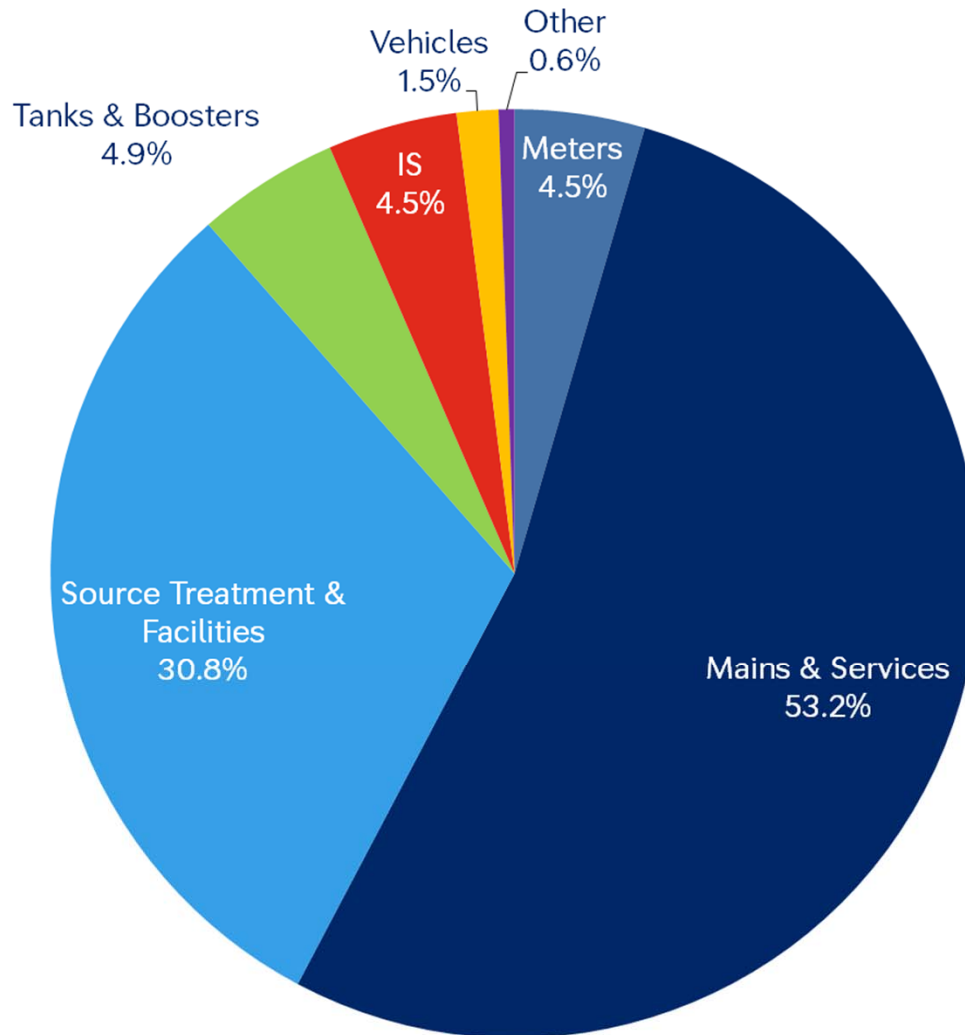
as-of December 31, 2016

State	Rate Base (\$millions)	Water Connections	Wastewater Connections
PA	\$2,603	434,787	20,440
OH	271	144,308	6,693
IL	239	63,494	9,753
TX	200	61,755	16,241
NJ	150	52,590	6,049
NC	136	78,835	17,585
IN	82	899	25,661
VA	69	25,489	7,686
<b>Total</b>	<b>\$3,751</b>	<b>862,157</b>	<b>110,108</b>

# Capital Investment Spending

## Regulated Operations

### 2017 to 2019 Capital Investment Breakdown



**3 Year Total = +\$1.2 Billion**