

Earnings Call

AQUASM

NYSE: WTR



First Quarter 2016

May 4, 2016

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; changes in the valuation of our investment in our joint venture in the Marcellus shale region; 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, 2015, 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
President and CEO



Dave Smeltzer
EVP, CFO



Brian Dingerdissen
Chief of Staff

Introduction

Christopher Franklin

President and Chief Executive Officer



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Today's Agenda

- Corporate Update
- Quarter Highlights
- Update on Regulated Operations
- Summary of Financial Results
- 2016 Guidance

Corporate Update

Fair Market Value Legislation

- Pennsylvania passed HB 1326 on April 14th

Organizational Updates

- Susan Haindl – Chief Administrative Officer
- Whitney Kellett – Chief Information Officer

Susan Haindl



Whitney Kellett



Current Market-based Activities

Decisions by Segment

Segment		Outcome
Transportation Services	➔	Divest
Construction	➔	Harvest
Field Services	➔	Liquidate
Cross-connection	➔	Liquidate
Consulting/training	➔	Liquidate
O&M Limited	➔	Maintain
Home Services	➔	Maintain

2016 First Quarter Highlights

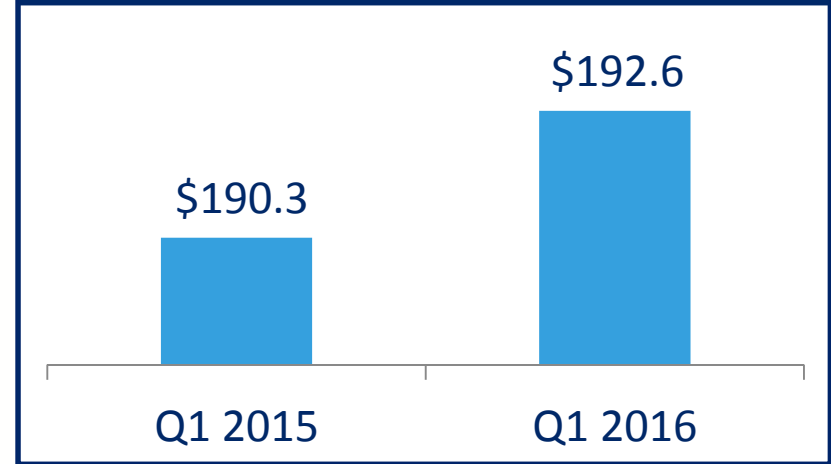
Year-to-date Customer Growth

- 5,244 additional connections from acquisitions
- 0.5% customer growth from acquisitions

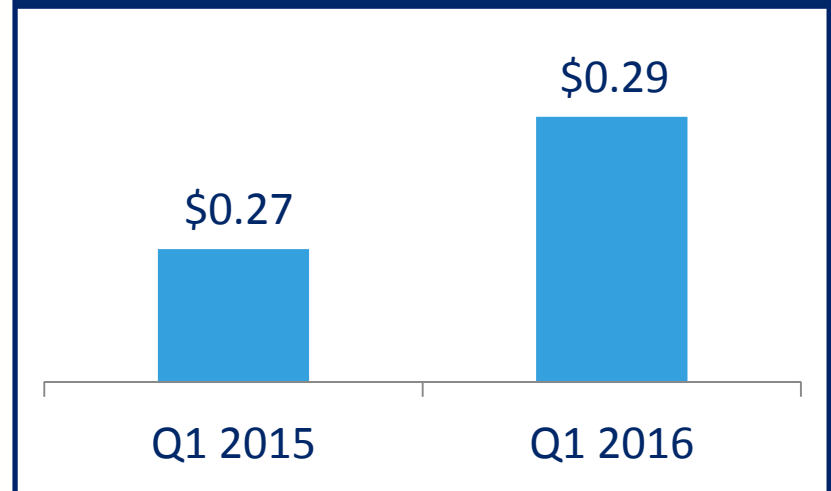
Quarterly Cash Dividend of \$0.178

- 71st year of paying a consecutive quarterly dividend
- 25th dividend increase in 24 years

Operating Revenue (\$millions)



Net Income per Common Share



2016 Acquisitions

as-of May 3, 2016

System	Date Closed	Water Customers	Wastewater Customers	Total Customers
Superior, PA	1/1/2016	4,108	-	4,108
Eastwood Manor, IL	2/23/2016	321	-	321
Crystal Clear, IL	4/19/2016	293	-	293
Nunda, IL	2/23/2016	166	-	166
Greenwood Gardens, IL	3/29/2016	72	72	144
Galena WW System, IN	1/29/2016	-	120	120
Clear Meadow, NC	3/14/2016	62	-	62
Twin Cedars, VA	4/7/2016	30	-	30
Total		5,052	192	5,244

Summary of Financial Results

Dave Smeltzer

Executive Vice President and Chief Financial Officer



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2016 First Quarter Financial Results

In millions except per share	Q1 2015		Q1 2016	Variance
Revenue	\$190.3	▲	\$192.6	1.2%
Operations and Maintenance Expense	\$73.2	▲	\$73.5	0.5%
Net Income	\$48.5	▲	\$51.7	6.6%
Net Income per Common Share	\$0.27	▲	\$0.29	7.4%



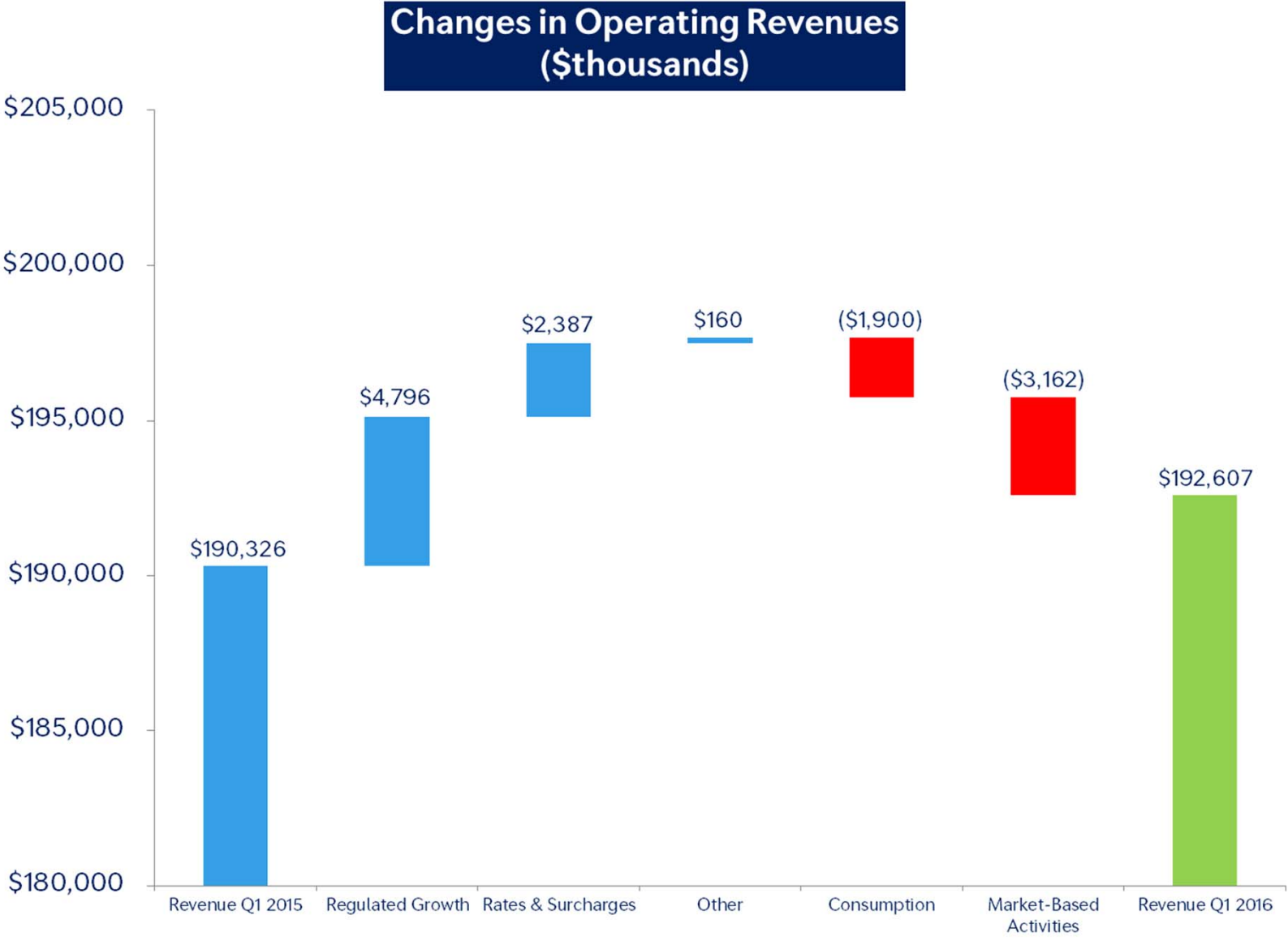
Favorable Change



Unfavorable Change

Operating Revenues

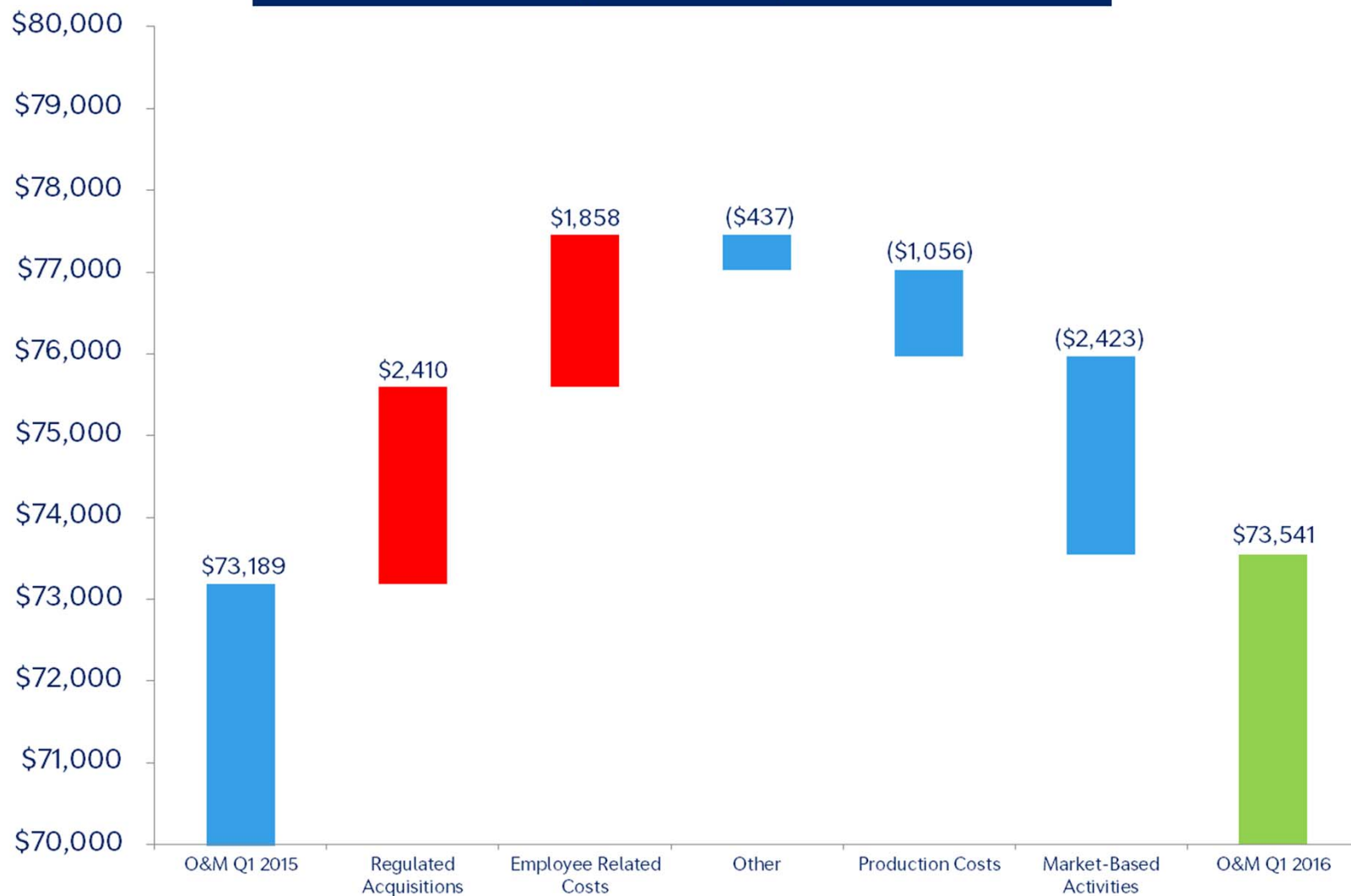
Q1 2016 vs. Q1 2015



Operations & Maintenance Expenses

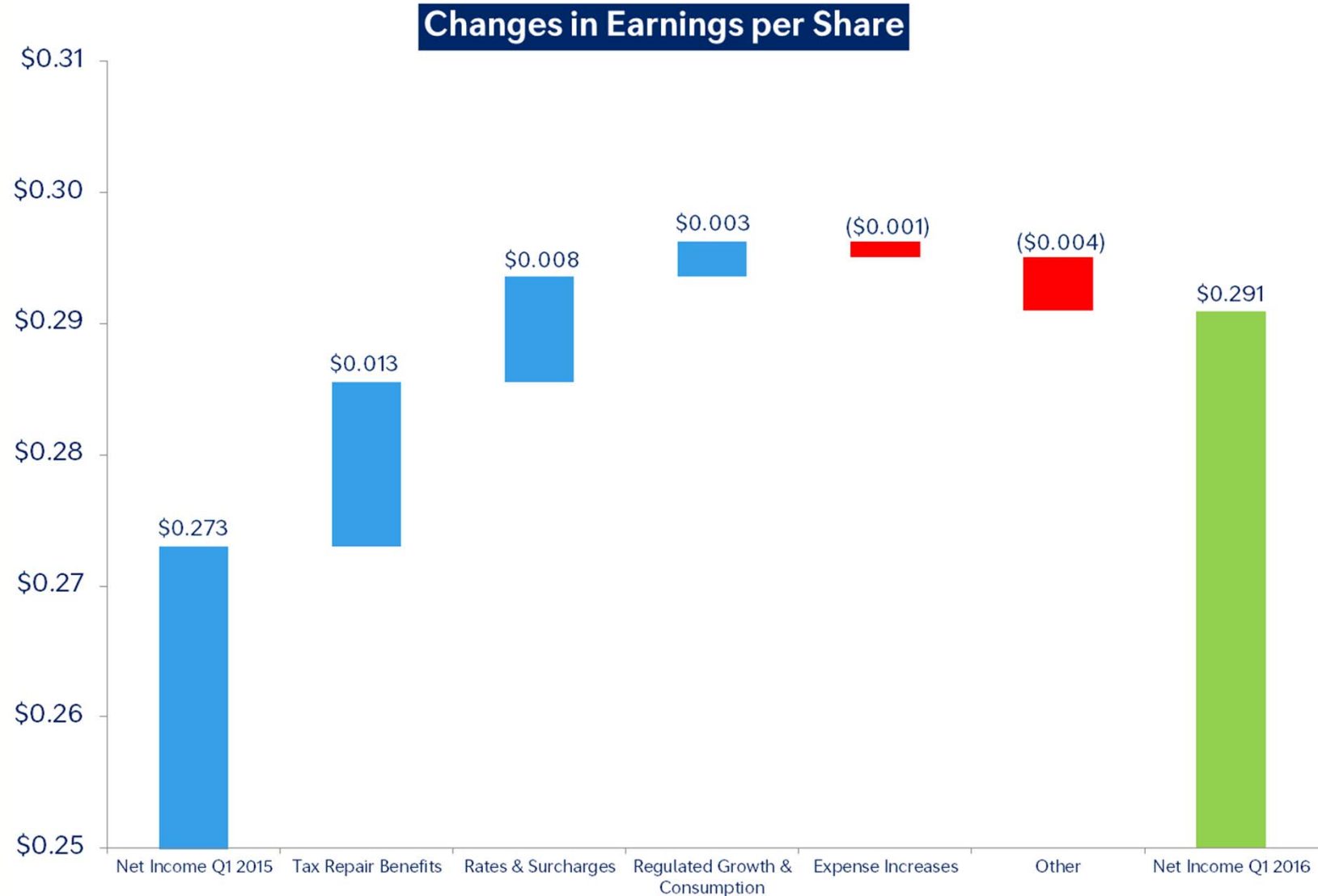
Q1 2016 vs. Q1 2015

Changes in Operations and Maintenance Expenses (\$thousands)



Earnings per Common Share

Q1 2016 vs. Q1 2015



Rate Activity

2016 Completed Rate Cases and Infrastructure Surcharges

- Base rate cases or infrastructure surcharges completed in IL, NC, OH, TX and VA
- \$4.5 million in additional annualized revenue

2016 Pending Rate Case

- Base rate cases in NJ, IN and VA with requested annualized revenue increase of \$5.1 million

*Additional rate activity information provided in Appendix

2016 Guidance

Christopher Franklin

President and Chief Executive Officer



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2016 Guidance

Earnings

- Full-year earnings per share between \$1.30 – \$1.35

Customer Growth

- 1.5 – 2.0% year-over-year customer growth

Capex

- More than \$350 million
- More than \$1.1 billion through 2018
- Ongoing rate base growth of approximately 6 – 7%

Operations and Maintenance Expense

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

Q&A Session



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Thank You for Attending Aqua America's 2016 First Quarter Earnings Call

2016 Second Quarter Earnings
Conference Call and Webcast
Wednesday, August 3, 2016 11:00am

For more information contact:
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Chief of Staff
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Appendix



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Rates and Infrastructure Surcharges Completed

as-of May 3, 2016

Rates or Surcharges Received in 2016			
State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois	N/A	Surcharge (w)	\$765
North Carolina	W-215-Sub-363A	Surcharges (w/ww)	604
Ohio	Ordinance # 22-2013	Rate Case (w)	777
	Ordinance # 14-041	Rate Case (w)	598
Texas	2012-1058-UCR	Rate Case (w)	225
Virginia ¹	PUE-2014-00045	Rate Case (w/ww)	1,490
		Total	\$4,459

1. Including \$1.1 million of revenues recognized under interim rates during 2015

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

Rates Pending

as-of May 3, 2016

Rates Pending in 2016			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
New Jersey	WR16010089	Rate Case (w)	\$2,536
Indiana	44752	Rate Case (ww)	2,372
Virginia	N/A	Rate Cases (w/ww)	144
		Total	\$5,052

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

State by State Comparison

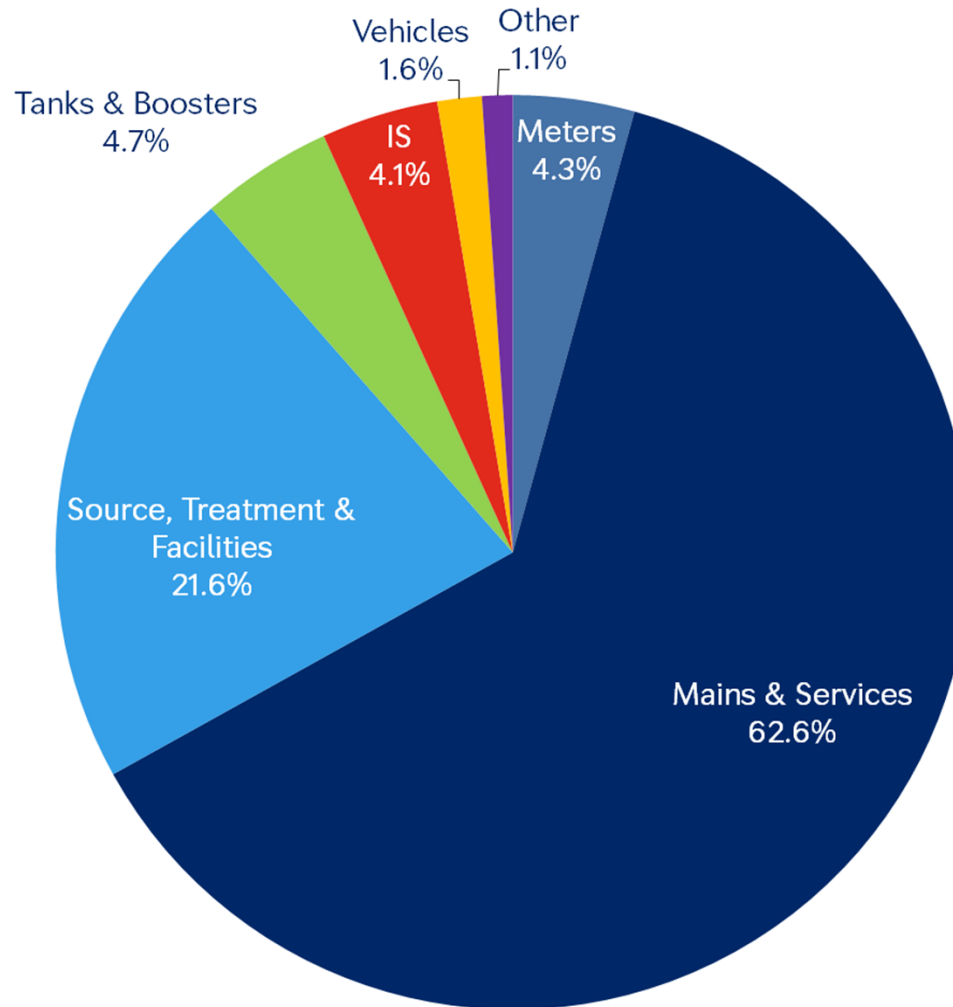
as-of Dec. 31, 2015

State	Rate Base (\$millions)	Water Connections	Wastewater Connections
PA	\$2,411	427,309	19,784
OH	256	143,598	6,654
IL	213	62,591	9,634
TX	193	60,473	15,809
NJ	134	52,072	5,994
NC	124	78,133	17,248
IN	73	881	24,821
VA	65	25,271	7,594
Total	\$3,470	850,328	107,538

Capital Investment Spending

Regulated Operations

2016 to 2018 Capital Investment Breakdown



3 Year Total = +\$1.1 Billion