

Earnings Call

AQUASM

NYSE: WTR



Third Quarter 2016

November 2, 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 &
Chief Executive Officer



Kimberly Joyce

Vice President, Regulatory,
Government and External
Affairs



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

- 
- Corporate Update
 - Villanova University Partnership
 - Quarter Highlights
 - Summary of Financial Results
 - 2016 Guidance

Corporate Update

Organizational Updates

- Kim Joyce – VP, Regulatory, Government and External Affairs
- Charlie Stevenson – VP, Fleet and Supply Chain Management
- John Aulbach – President, Aqua Virginia
- Marc Lucca – President, Aqua Pennsylvania

Kimberly Joyce



Charlie Stevenson



John Aulbach



Marc Lucca



Hurricane Matthew Update



- **Between 10-15 inches of rain**
- **20,000 homes affected**
- **75,000 calls, emails or texts were sent to affected customers**
- **Distributed water from potable tanker trucks in heavily populated areas**

2016 Third Quarter Highlights

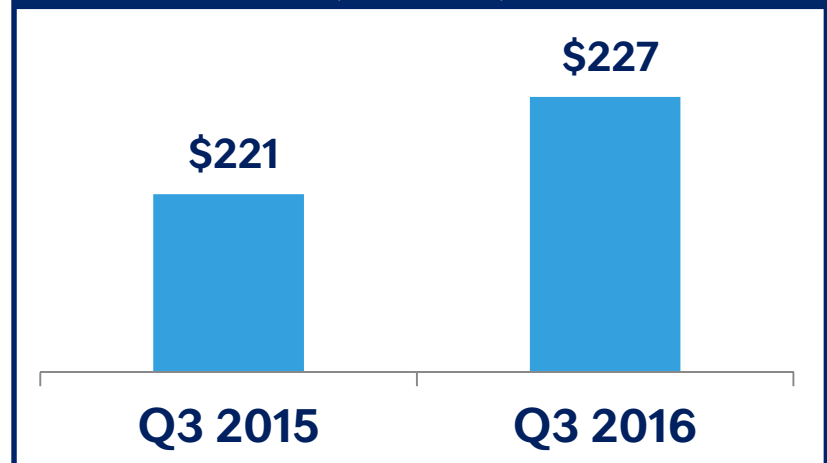
Year-to-date Customer Growth

- 12,900 additional connections from acquisitions and organic growth
- 1.3% total customer growth

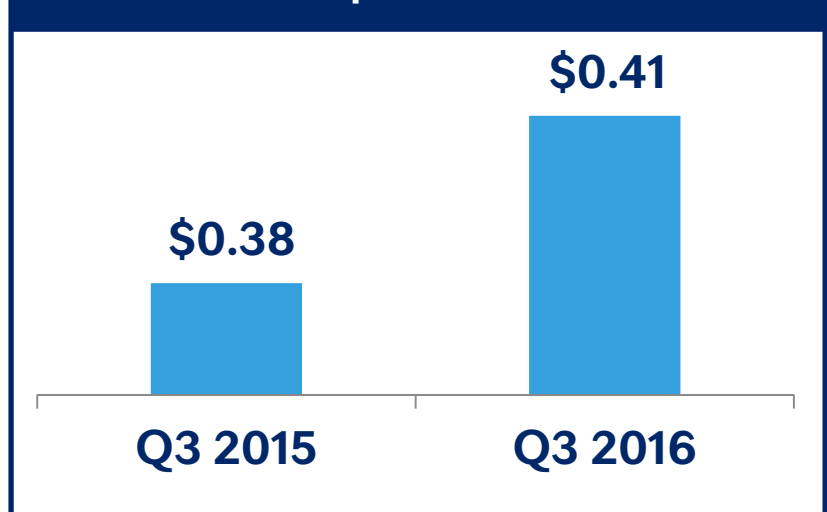
Pending Acquisition Agreements

- 4 municipal systems
- 2 private system
- Approximately 4,700 total additional connections

Operating Revenue (\$millions)



Net Income per Common Share



2016 Acquisitions

as-of November 1, 2016

System	Date Closed	Water Customers	Wastewater Customers	Total Customers
Superior, PA	1/01/2016	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
Byram, NJ	6/06/2016	152	-	152
Greenwood Gardens, IL	3/29/2016	72	72	144
Honeycroft, PA	10/31/2016	-	124	124
Galena WW System, IN	1/29/2016	-	120	120
Southeastern Utility, IN	10/1/2016	-	93	93
Clear Meadow, NC	3/14/2016	62	-	62
Mentor Ridge Farms, OH	10/1/2016	60	-	60
Cliffside Park, NJ	10/3/2016	34	-	34
Twin Cedars, VA	4/07/2016	30	-	30
Total		5,298	409	5,707

Partnership with Villanova University

Kimberly Joyce

Vice President, Regulatory, Government and External Affairs

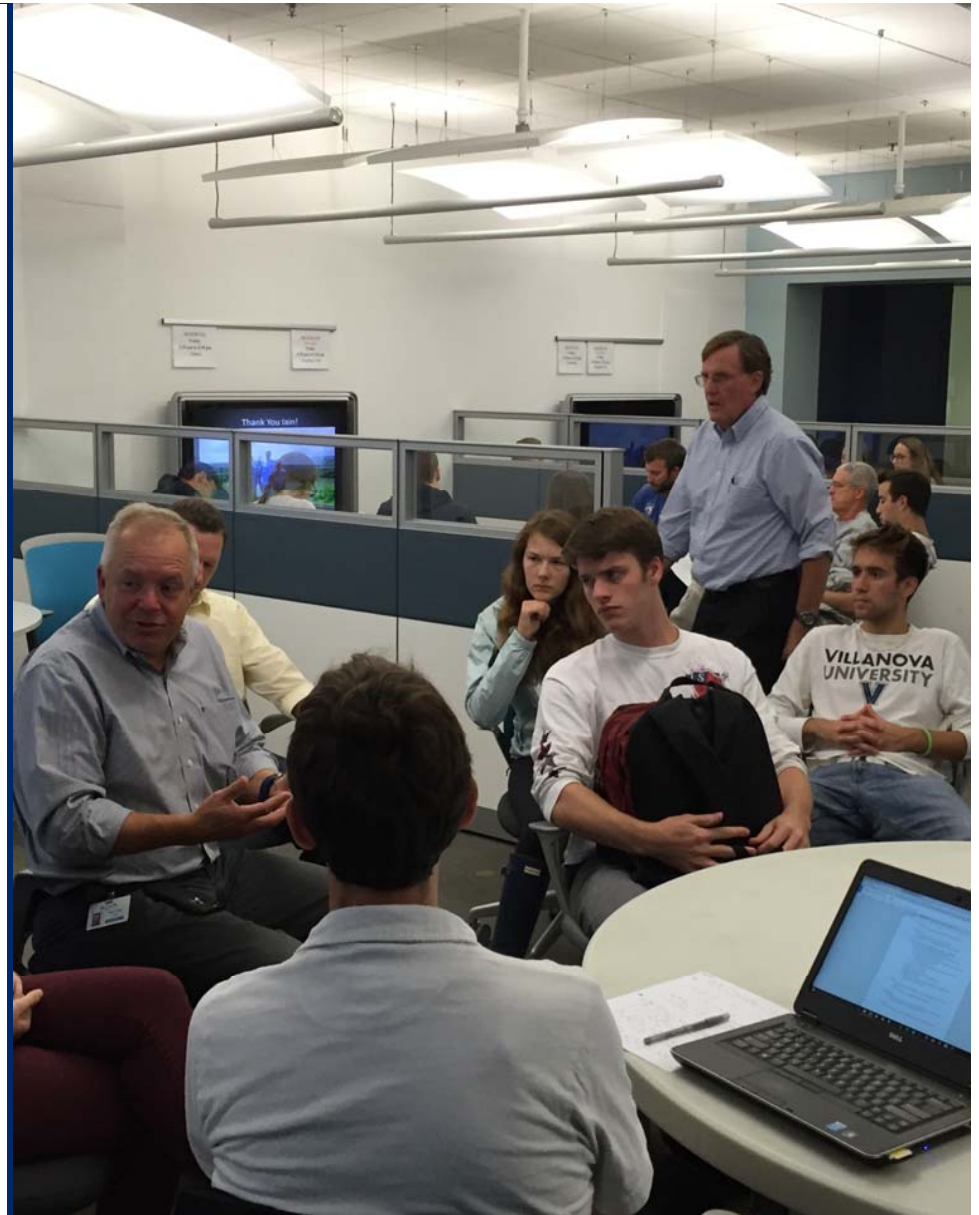


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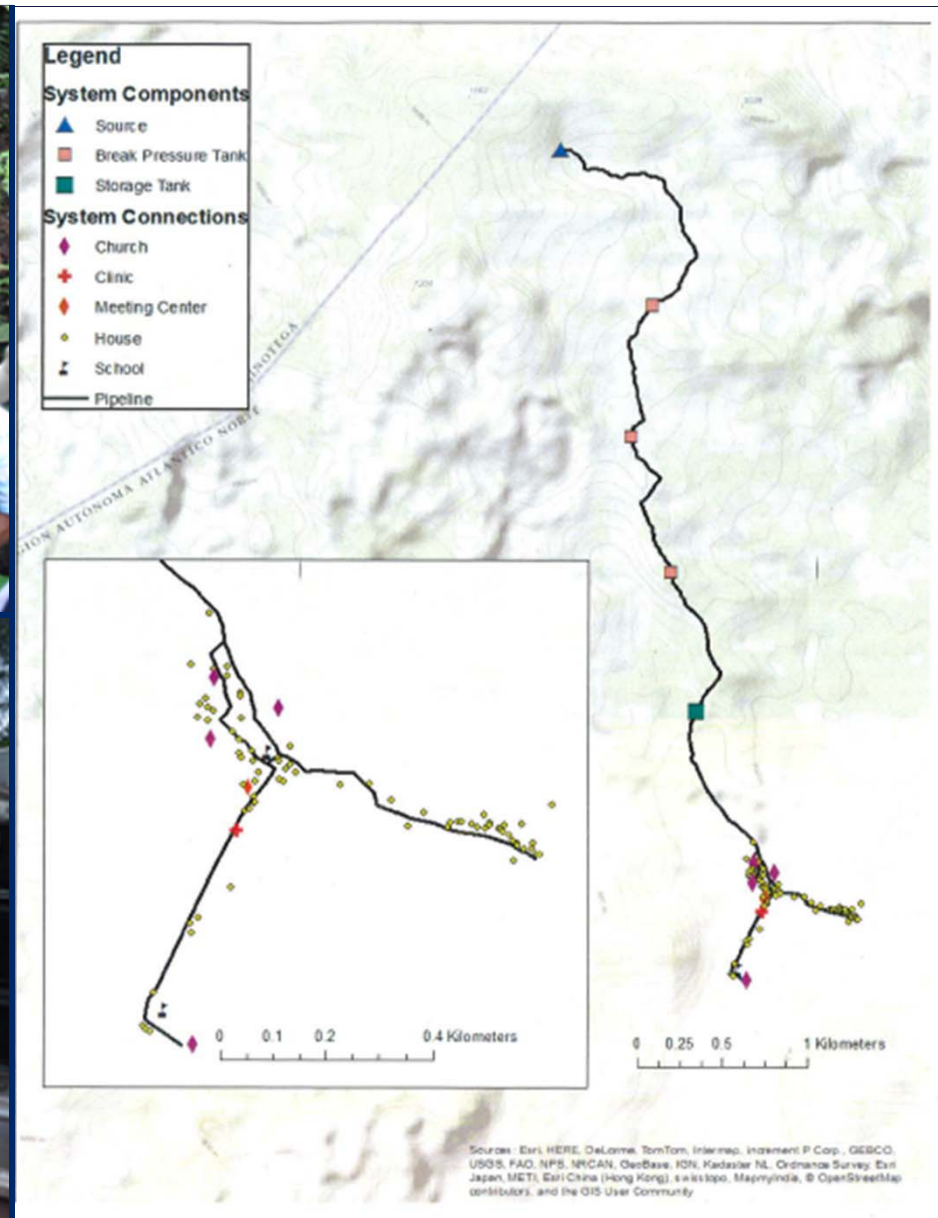
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Goals for the Partnership

- **Provide Local Mentorship**
- **Generate Excitement about the Water Industry**
- **Build an “Incubator” Relationship**
- **Utilize Aqua Foundation Funds for Projects that Fit our Mission**
- **Apply Unique Skills to Benefit Individuals in Developing Countries**



Distribution System Project in Nicaragua



Infrastructure Improvement Project in Panama



Summary of Financial Results

Dave Smeltzer

Executive Vice President and Chief Financial Officer



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2016 Third Quarter Financial Results

In millions except per share	Q3 2015		Q3 2016	Variance
Revenue	\$221.1	▲	\$226.6	2.5%
Operations and Maintenance Expense	\$78.5	▲	\$79.8	1.6%
Net Income	\$67.4	▲	\$73.2	8.5%
Net Income per Common Share	\$0.38	▲	\$0.41	7.9%



Favorable Change



Unfavorable Change

2016 Year-to-Date Financial Results

as-of September 30, 2016

In millions except per share	YTD 2015		YTD 2016	Variance
Revenue	\$617.1	▲	\$623.1	1%
Operations and Maintenance Expense	\$231.5	▼	\$227.3	(1.8%)
Net Income	\$173.4	▲	\$184.5	6.4%
Net Income per Common Share	\$0.98	▲	\$1.04	6.1%



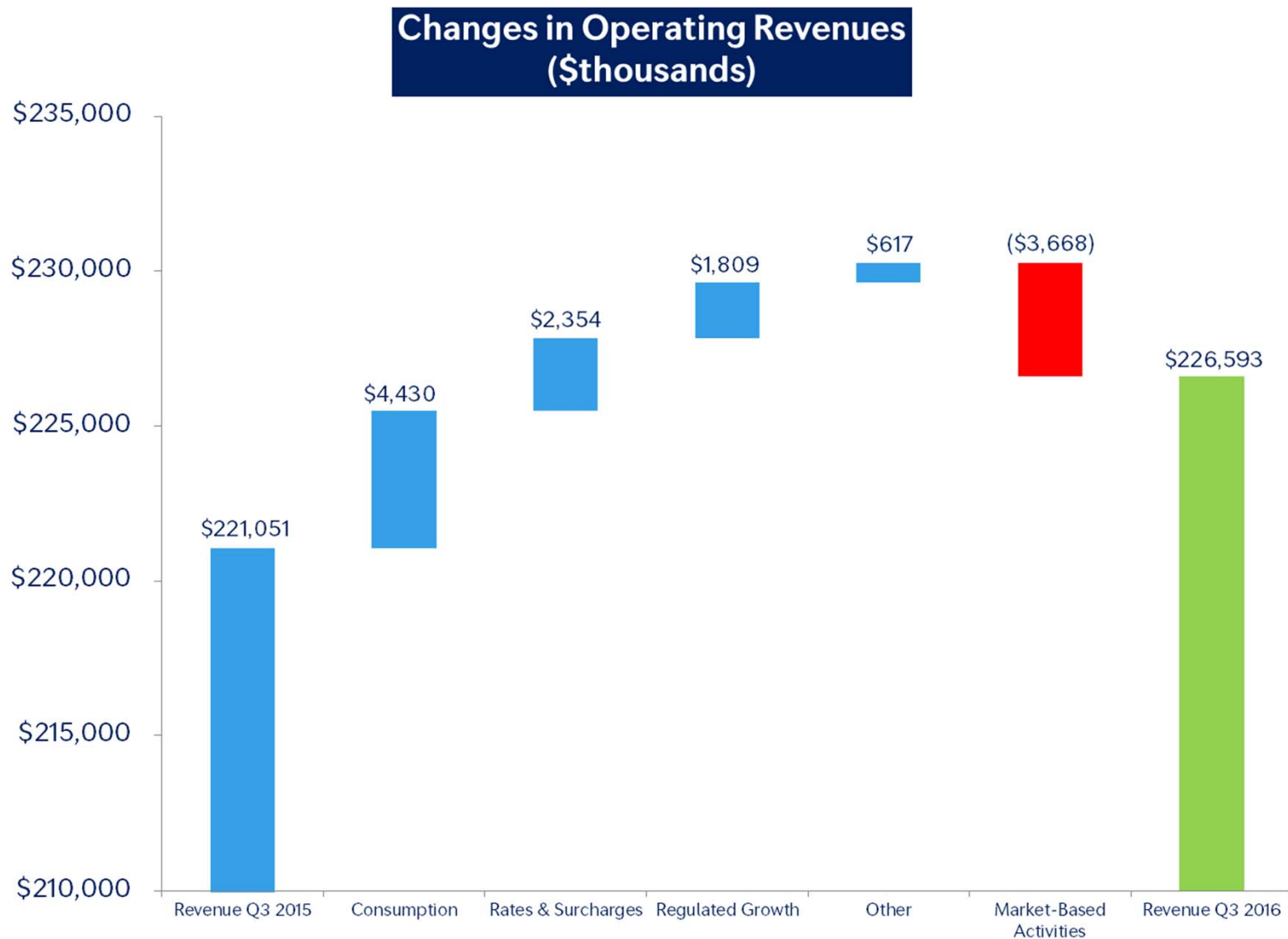
Favorable Change



Unfavorable Change

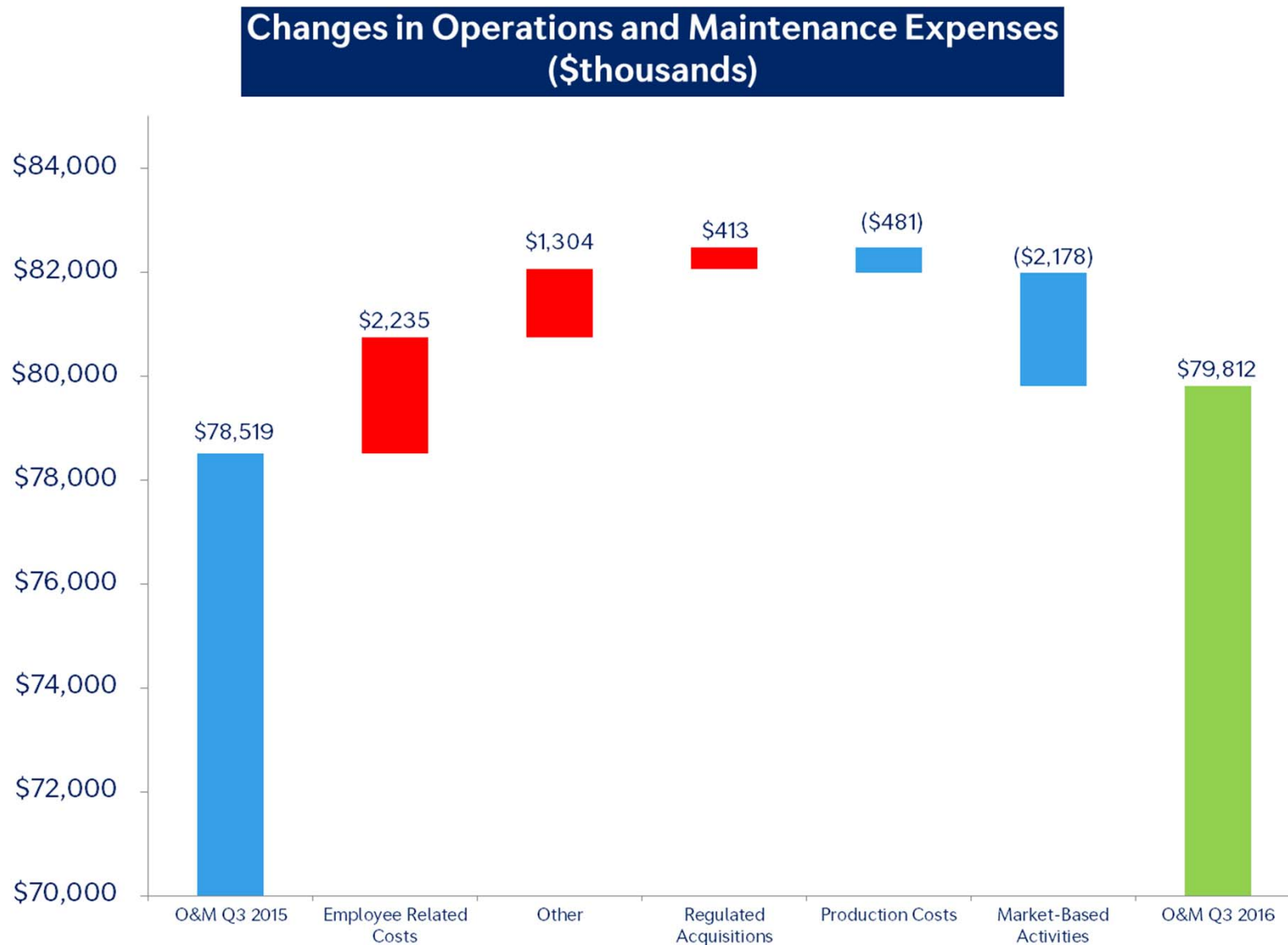
Operating Revenues

Q3 2016 vs. Q3 2015



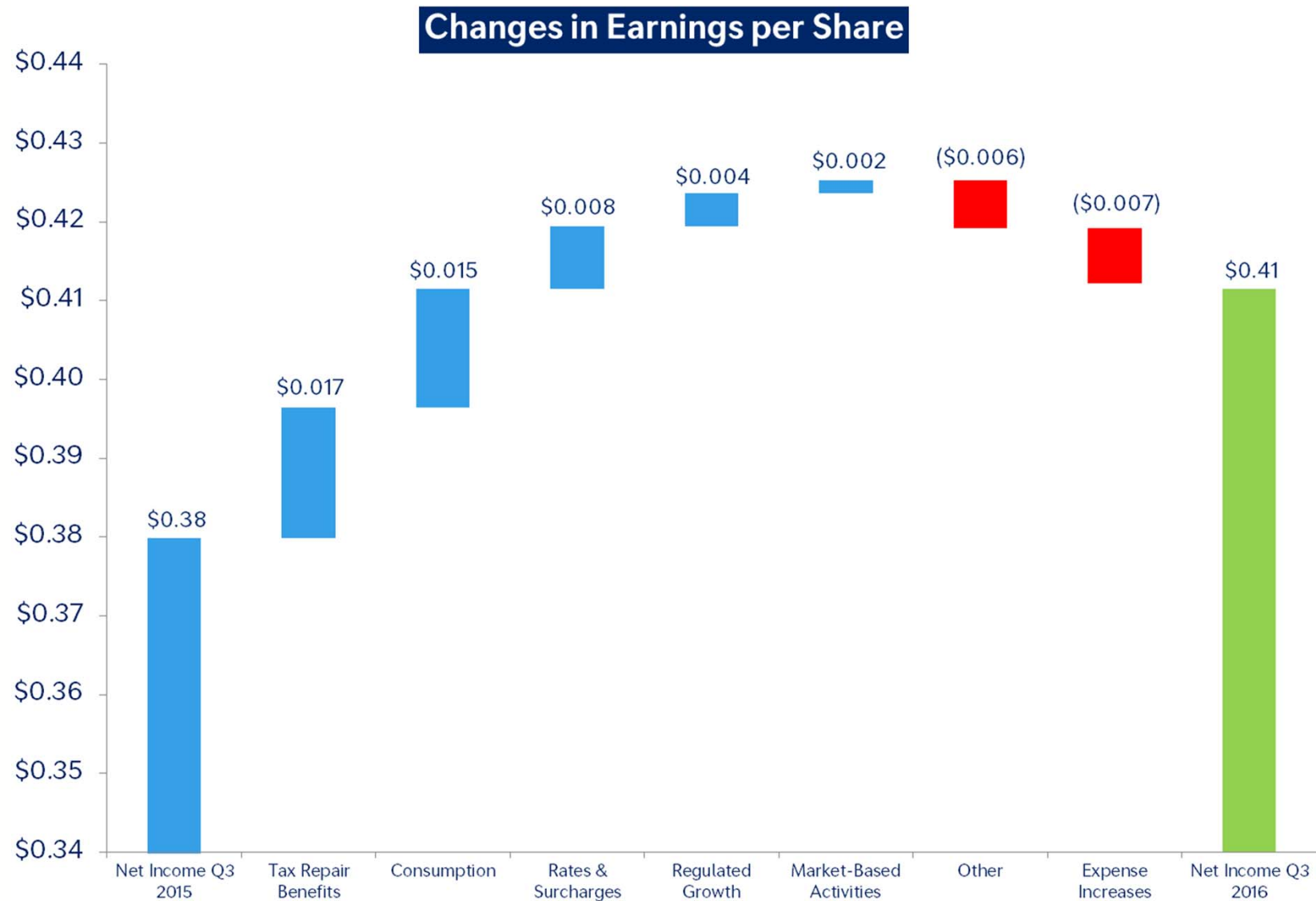
Operations & Maintenance Expenses

Q3 2016 vs. Q3 2015



Earnings per Common Share

Q3 2016 vs. Q3 2015



Rate Activity

as-of Nov. 1, 2016

2016 Completed Rate Cases and Infrastructure Surcharges

- Base rate cases or infrastructure surcharges completed in IL, NJ, NC, OH, TX and VA
- \$5.5 million in additional annualized revenue

2016 Pending Rate Cases

- Base rate cases in IN, VA and OH with requested annualized revenue increase of \$8.1 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% 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 Third Quarter Earnings Call

2016 Full-year and Fourth Quarter Earnings
Conference Call and Webcast
Thursday, February 23, 2017

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

Appendix

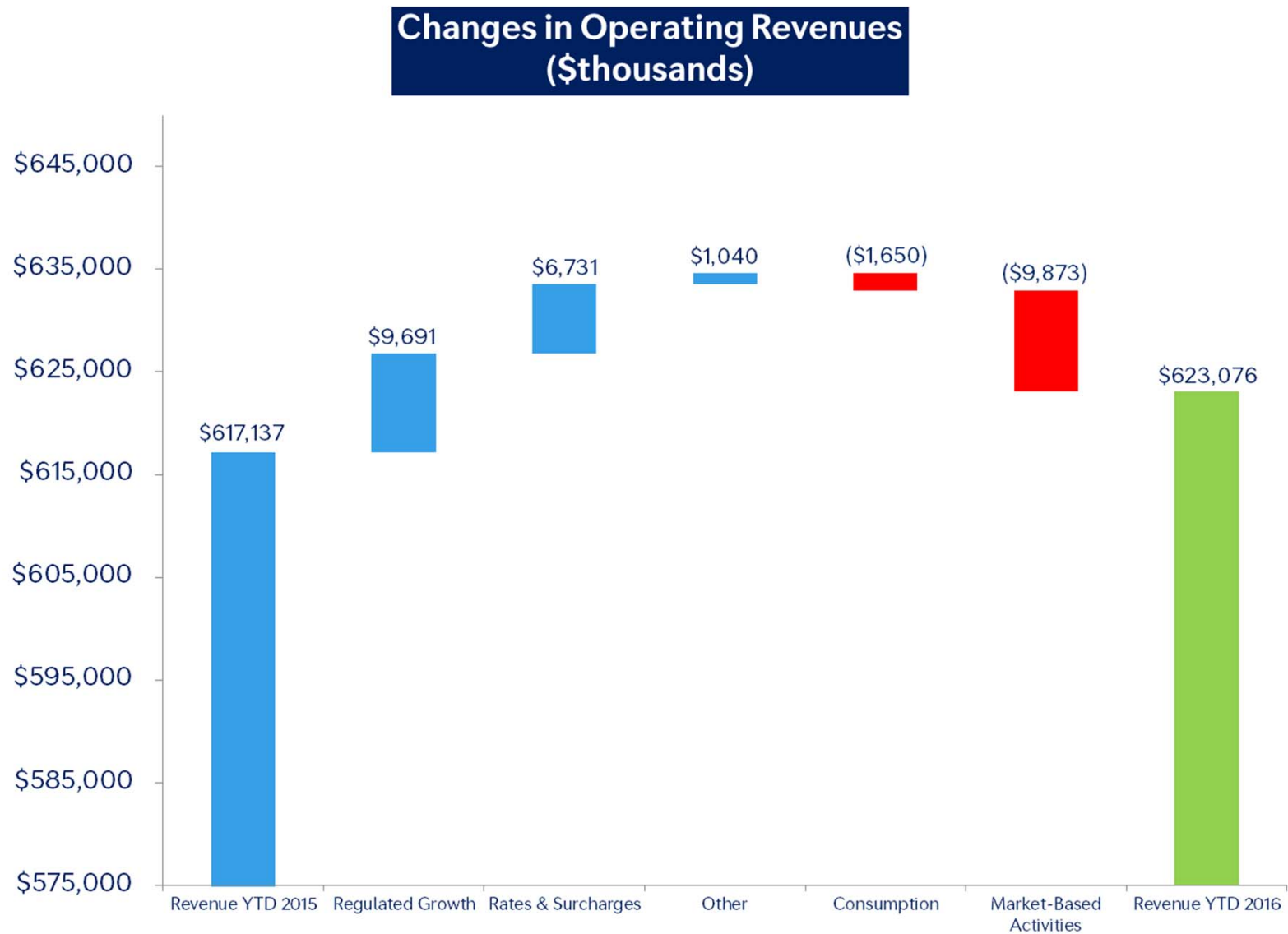


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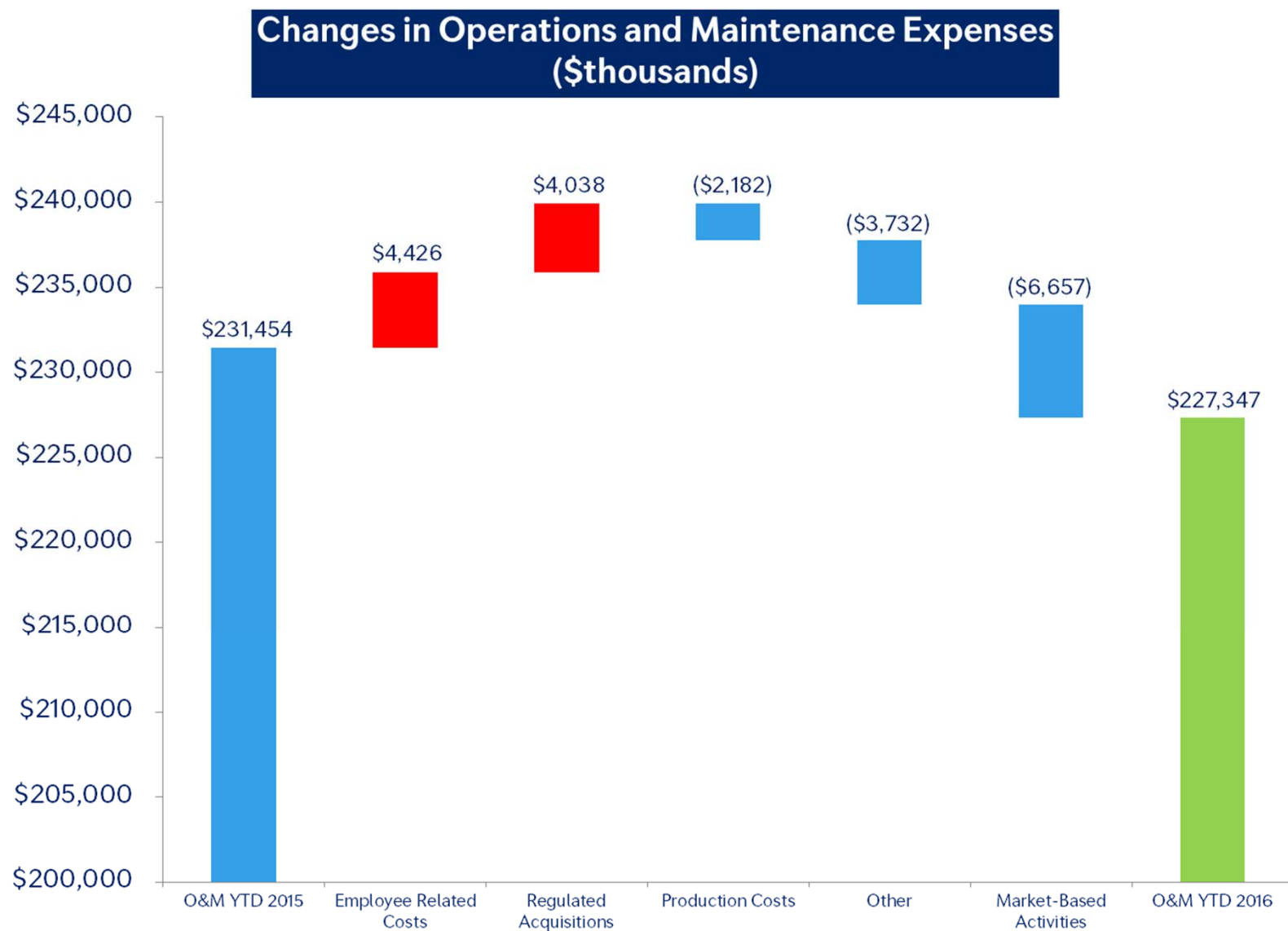
Operating Revenues

YTD September 30, 2016 vs. YTD September 30, 2015



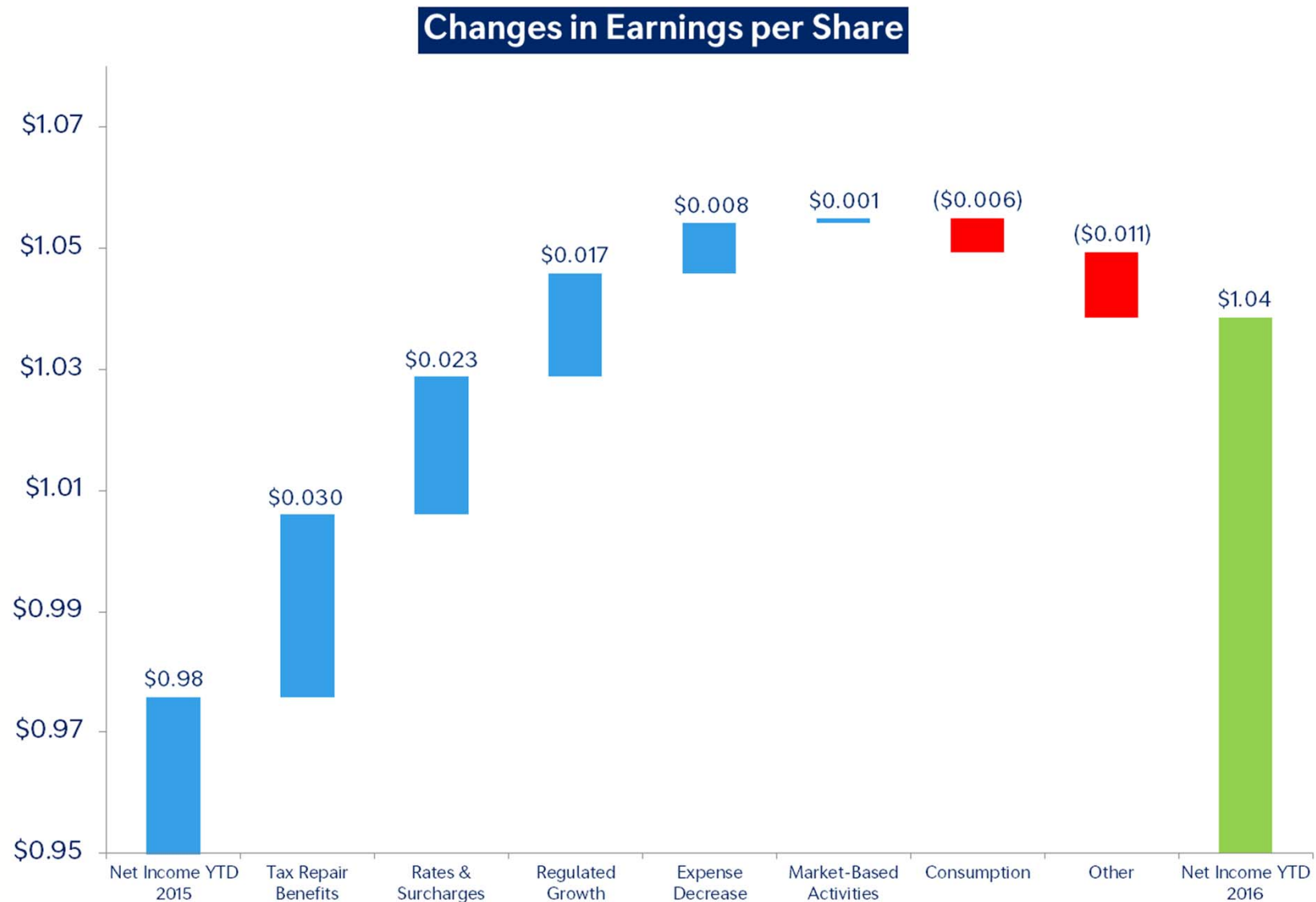
Operations & Maintenance Expenses

YTD September 30, 2016 vs. YTD September 30, 2015



Earnings per Common Share

YTD September 30, 2016 vs. YTD September 30, 2015



Rates and Infrastructure Surcharges Completed

as-of November 1, 2016

Rates or Surcharges Received in 2016			
State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois	N/A	Surcharge (w)	\$765
	15-0017	Surcharge (w/ww)	256
New Jersey	WR16010089	Rate Case (w)	200
North Carolina	W-215-Sub-363A	Surcharges (w/ww)	1,045
Ohio	Ordinance # 22-2013	Rate Case (w)	777
	Ordinance # 14-041	Rate Case (w)	598
Texas	44470	Rate Case (w)	225
Virginia ¹	PUE-2014-00045	Rate Case (w/ww)	1,490
	N/A	Rate Case (w/ww)	144
		Total	\$5,500

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 November 1, 2016

Rates Pending in 2016			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
Indiana	44752	Rate Case (ww)	\$2,372
Ohio	16-0907-WW-AIR	Rate Case (w)	5,604
Virginia	N/A	Rate Case (w/ww)	155
		Total	\$8,131

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

State by State Comparison

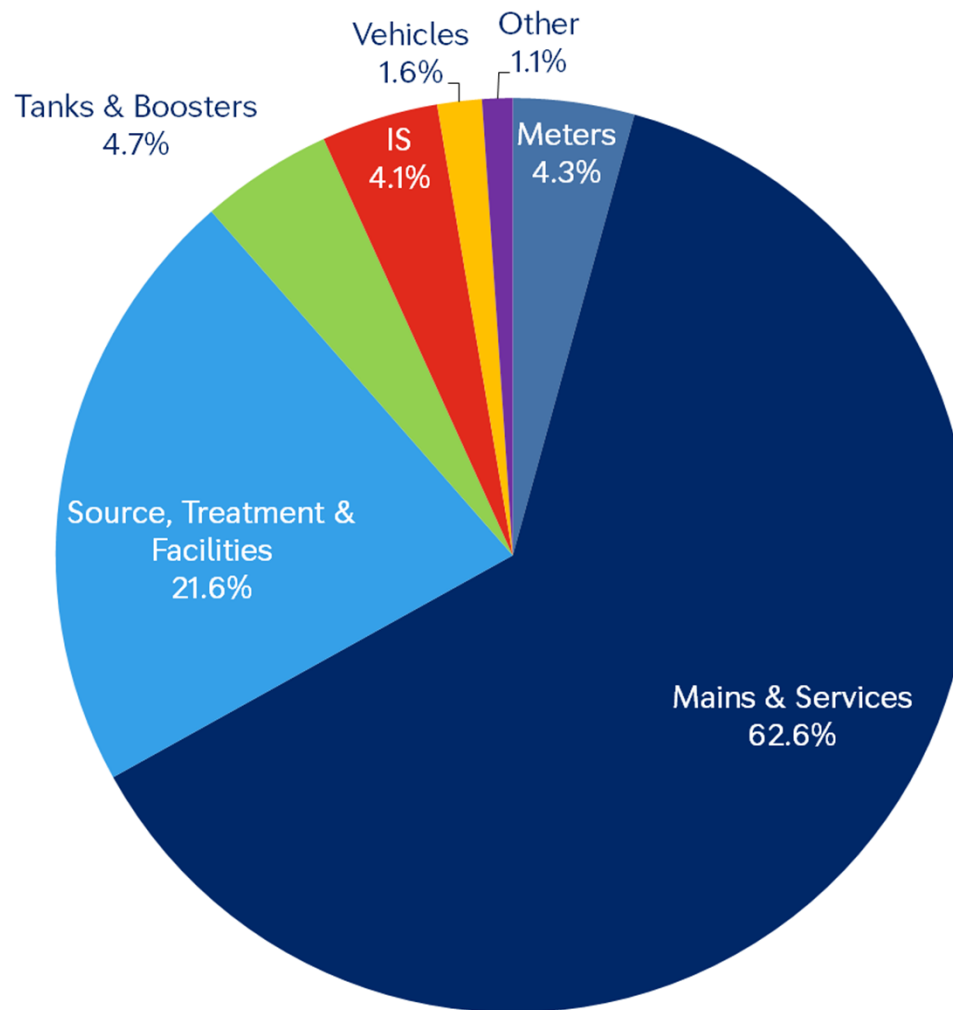
as-of Dec. 31, 2015

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