

# 2018 Annual Meeting

---

AQUA<sup>SM</sup>

NYSE: WTR



May 8, 2018

# Dave Smeltzer Retirement



- 32-year career with Aqua
- CFO for 19 years
- Played a key role in over 300 acquisitions that reshaped the company
- Helped to pioneer key 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

- Appointed EVP, Strategy and Corporate Development
- Spent 11 years at Goldman Sachs Investment Banking Division, with lead coverage of more than 25 gas and electric utilities



## Christina Kelly

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

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



## Mission

---

Protecting and providing  
Earth's most essential resource.

## Values

---



# Reviewing 2017

---

- Continued operational excellence
- Invested a record \$478 million in infrastructure
- Executing on strategic growth plan
- Strong stock performance and dividend growth
- Refined the corporate culture

# 2017 Full Year Highlights

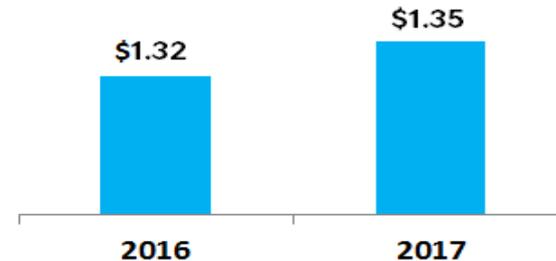
## Acquisitions

- Four water and wastewater deals representing over 1,000 new customers
- Municipal pipeline expands with six pending acquisitions due to close in 2018

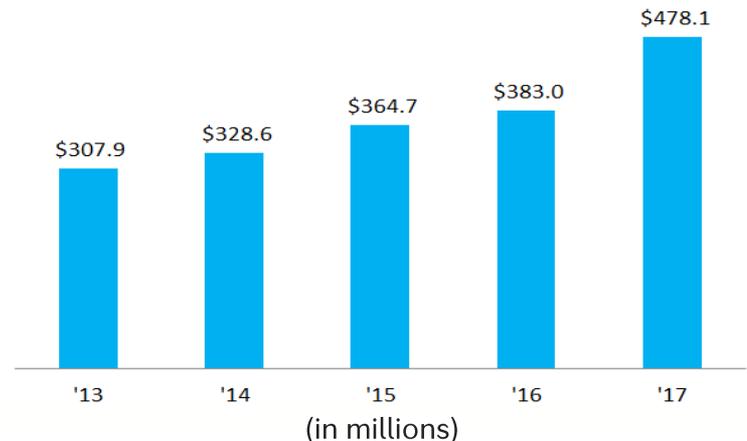
## Dividend Growth

- 7% year-over-year dividend growth
- 73 years of consecutive years of quarterly dividends
- Dividend CAGR of 7.9% since 2012

## Net Income Per Share

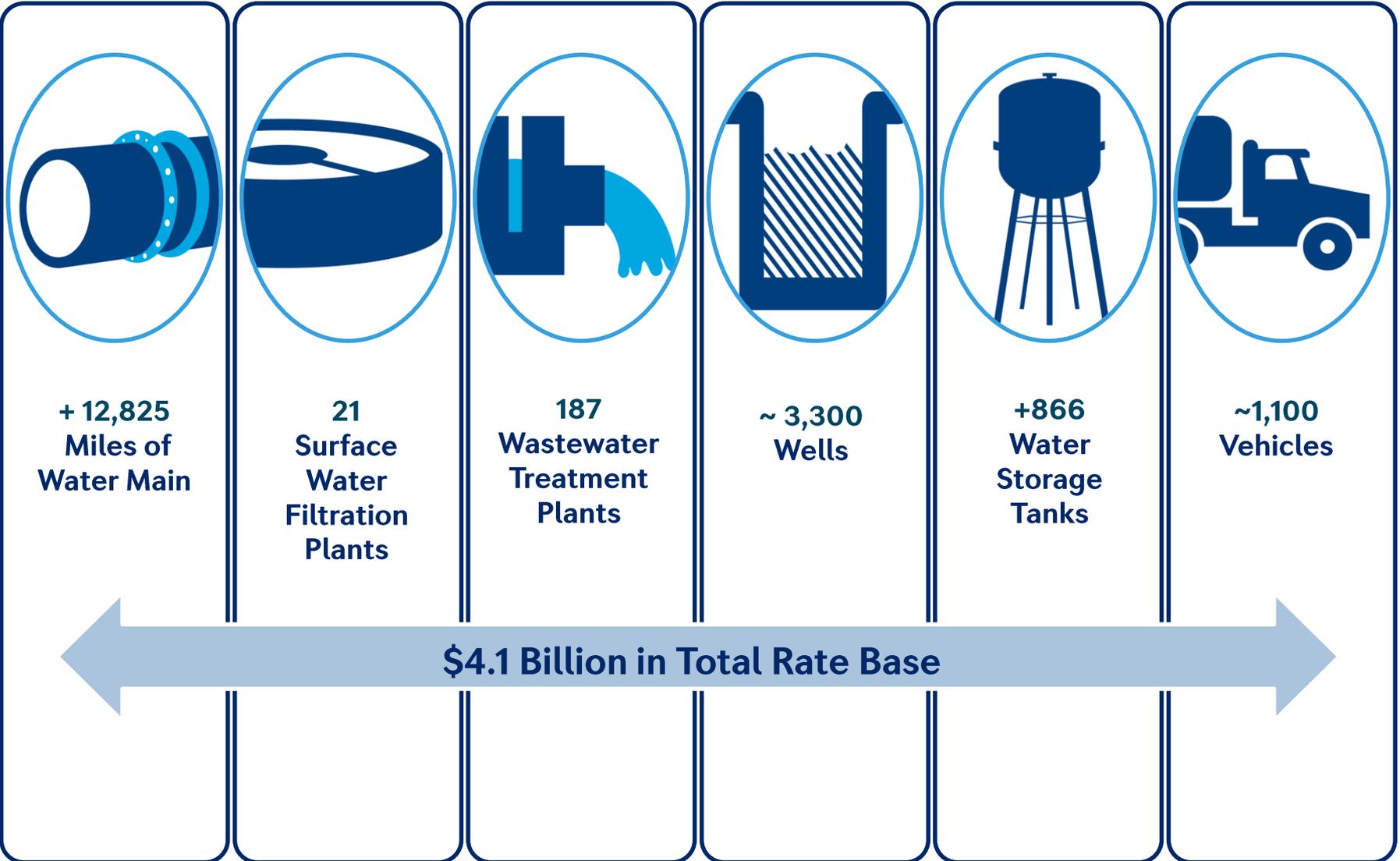


## Infrastructure Investment



# Infrastructure Footprint

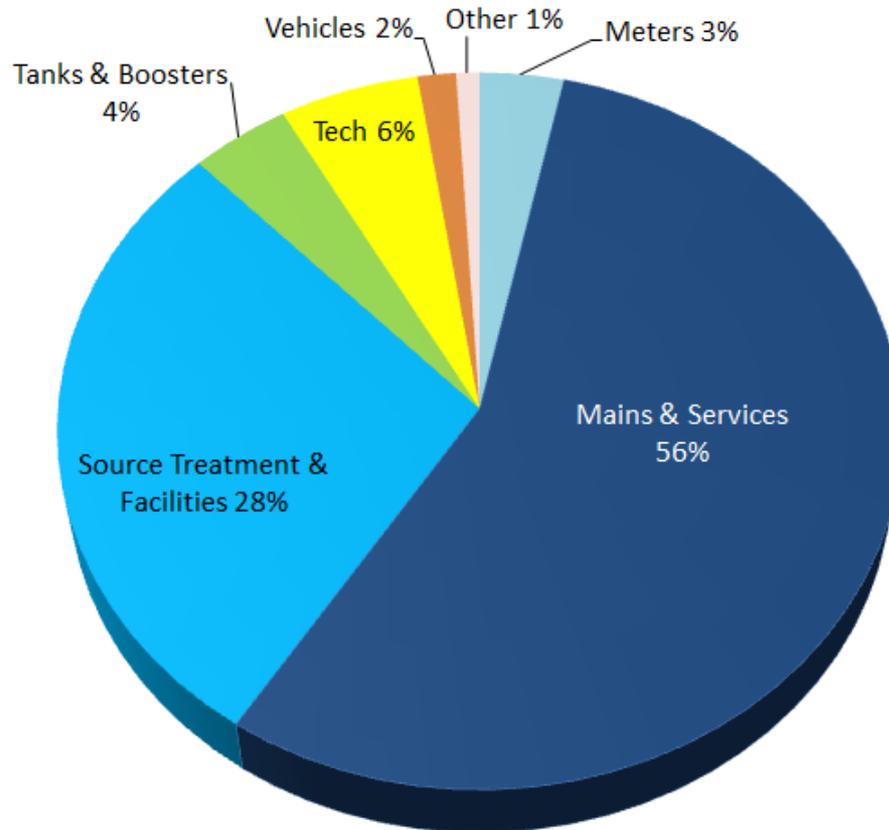
as of December 31, 2017



# Infrastructure Investment

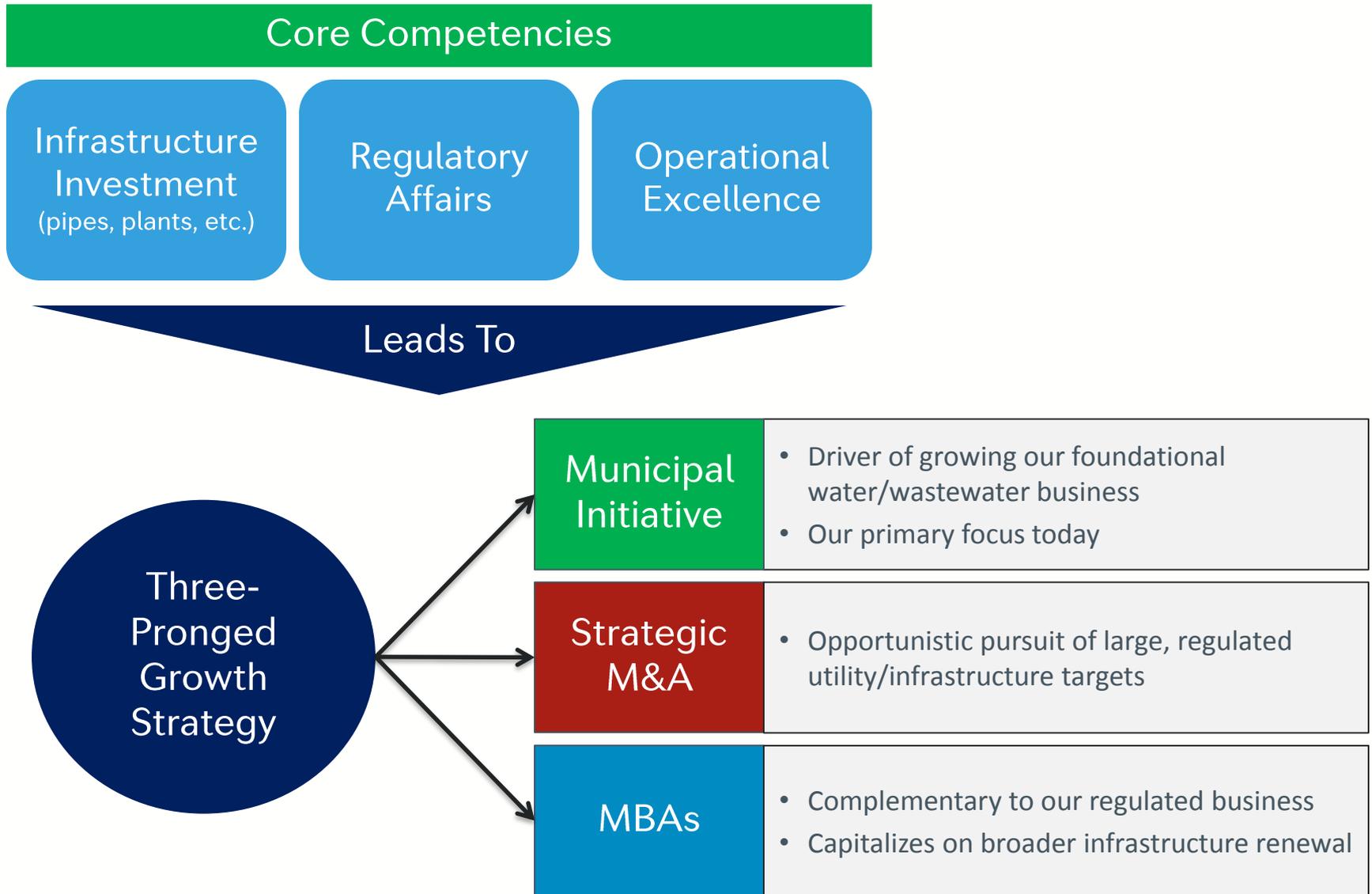
## Regulated Operations

### Capital Investment Breakdown 2018 - 2020



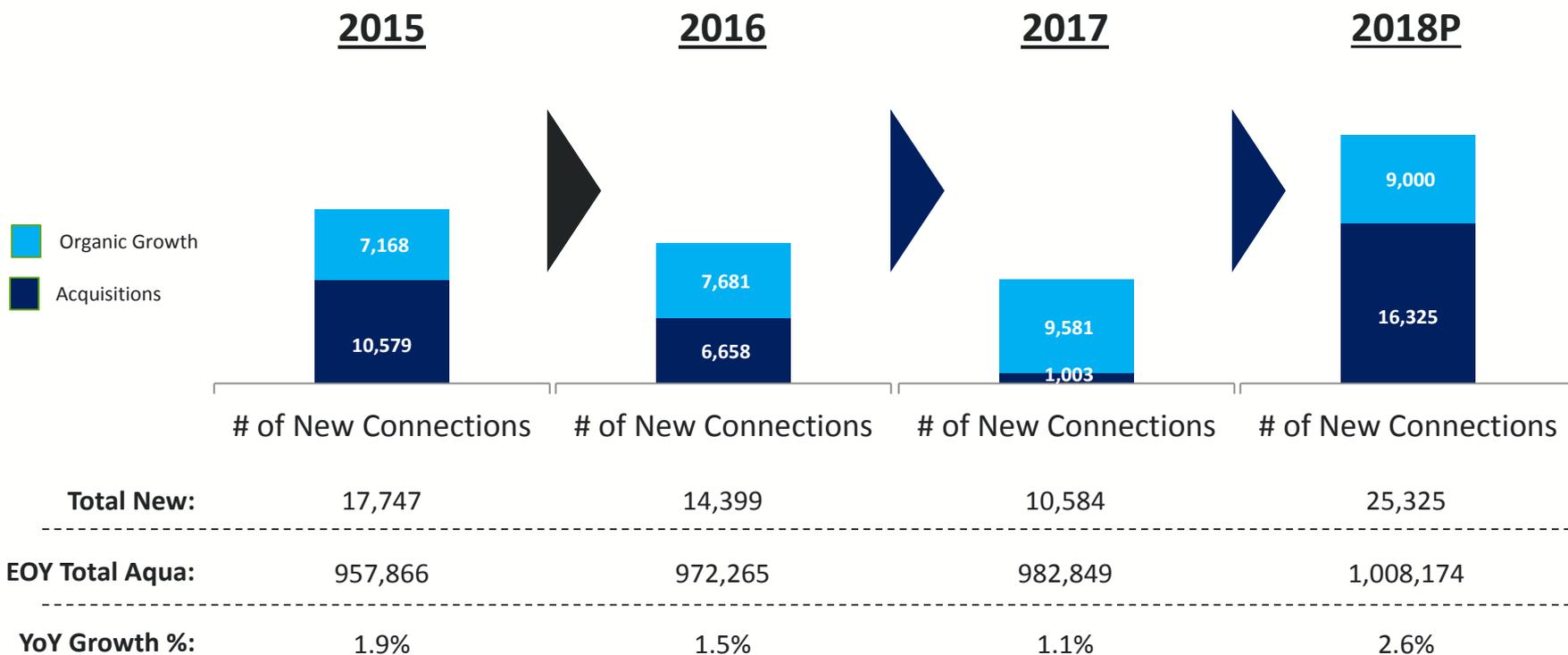
**3 YEAR TOTAL= \$1.4 billion**

# Aqua America Growth Strategy



# Historical Growth Performance

*If we include our 2018 projections, from 2015 to 2018, we will average a total of ~17,000 new customers per year, with an average of ~8,600 from acquisitions.*



Two transactions that were expected to close in 2017 shifted to 2018.

# 2018 Municipal Acquisition Activity

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

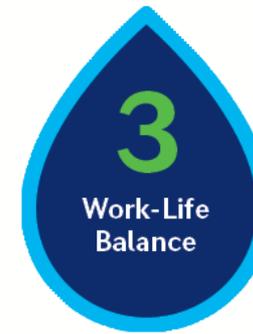
Acquisition <sup>1</sup>	Type	Approx. Number of Customers	Approx. Purchase Price (\$000s)
<i>Expected to Close in 2018</i>			
System A	WW	5,400	\$75,100
System B	WW	2,100	\$29,500
System D	W	600	\$3,600
System E	W / WW	2,987	\$12,300
System F	WW	3,838	\$25,200
System G	WW	1,400	\$5,000
<b>Total</b>		<b>16,325</b>	<b>\$150,700</b>

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

# Operational Excellence and Safety



# Helping Communities & Employees



# Customer Communications

Prepared for the residents of Lake Monticello. Vol. 3

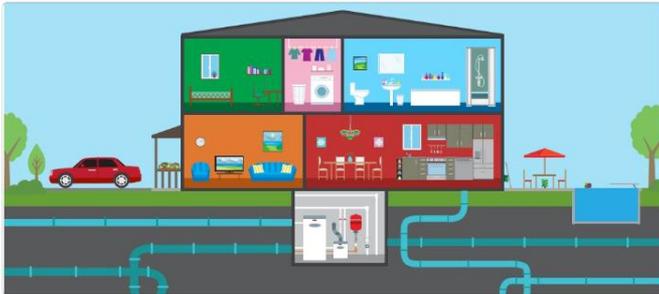
## The WaterLink

Photo by Kevin Williams

AQUA Aqua  
@MyAquaAmerica

Follow

Have you explored our tips for living a #WaterSmart life? There are ways to reduce #water usage around every corner: [bit.ly/1gGF3VP](http://bit.ly/1gGF3VP)



## Infrastructure, Operating Costs Drive Rate Request

In the last two years, Aqua Virginia has spent about \$3.3 million in the Lake Monticello community on capital improvements to provide and improve water and wastewater services to customers while complying with health and environmental regulations. Aqua filed

## Water is Essential



## AQUA Blog

<< Water Conservation: Back to School Edition | Aqua Leadership Travels to Panama to Provide Water Quality Expertise >>

## Imagine a Day Without Water: Creating Awareness for Our Most Valuable Resource

September 14th, 2016 2:12 PM

Comments (0)



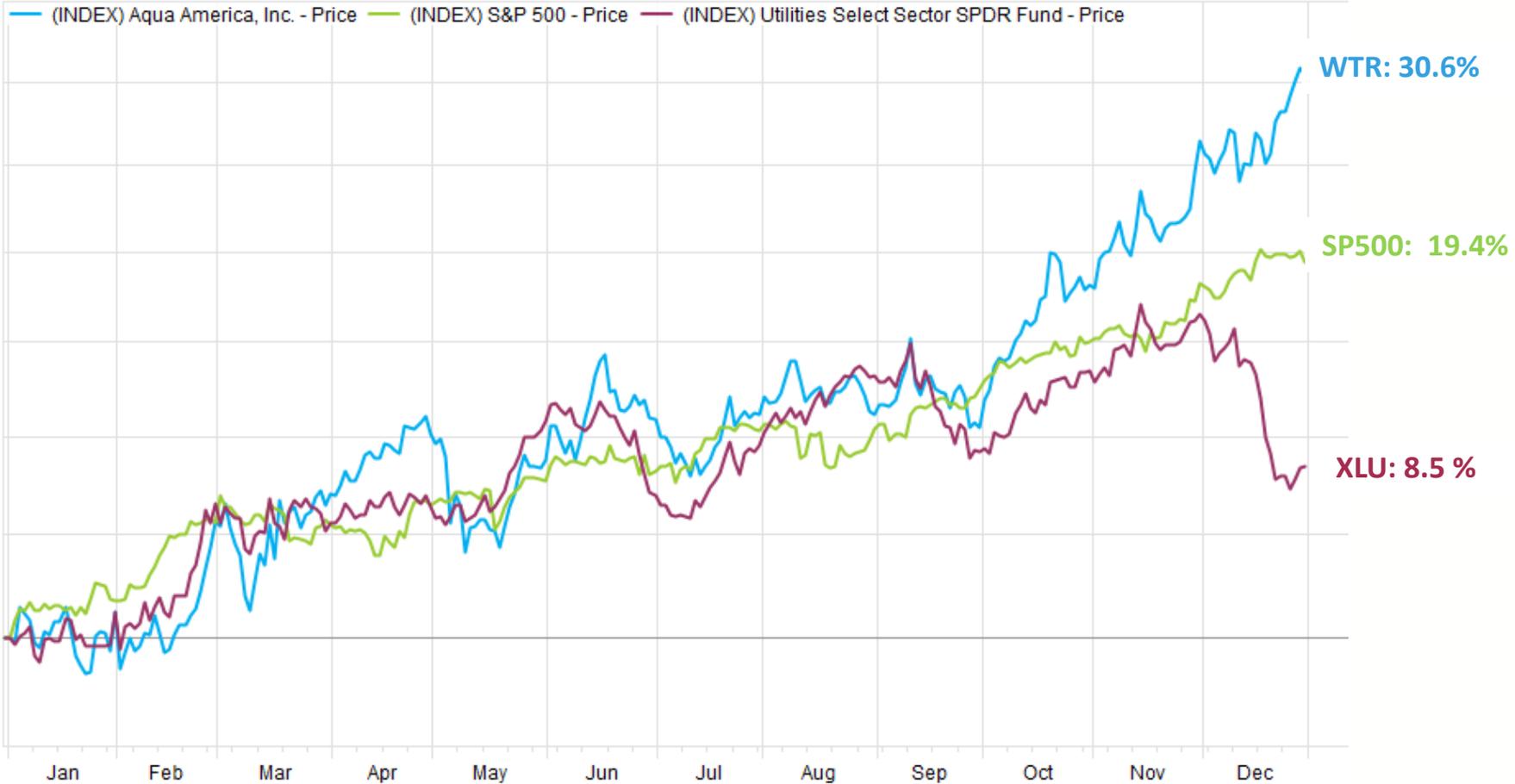
# 2017 Shareholder Return

## Aqua America, Inc.

34.94 -0.55 -1.55% 1:05:34 PM VWAP:35.09

Daily

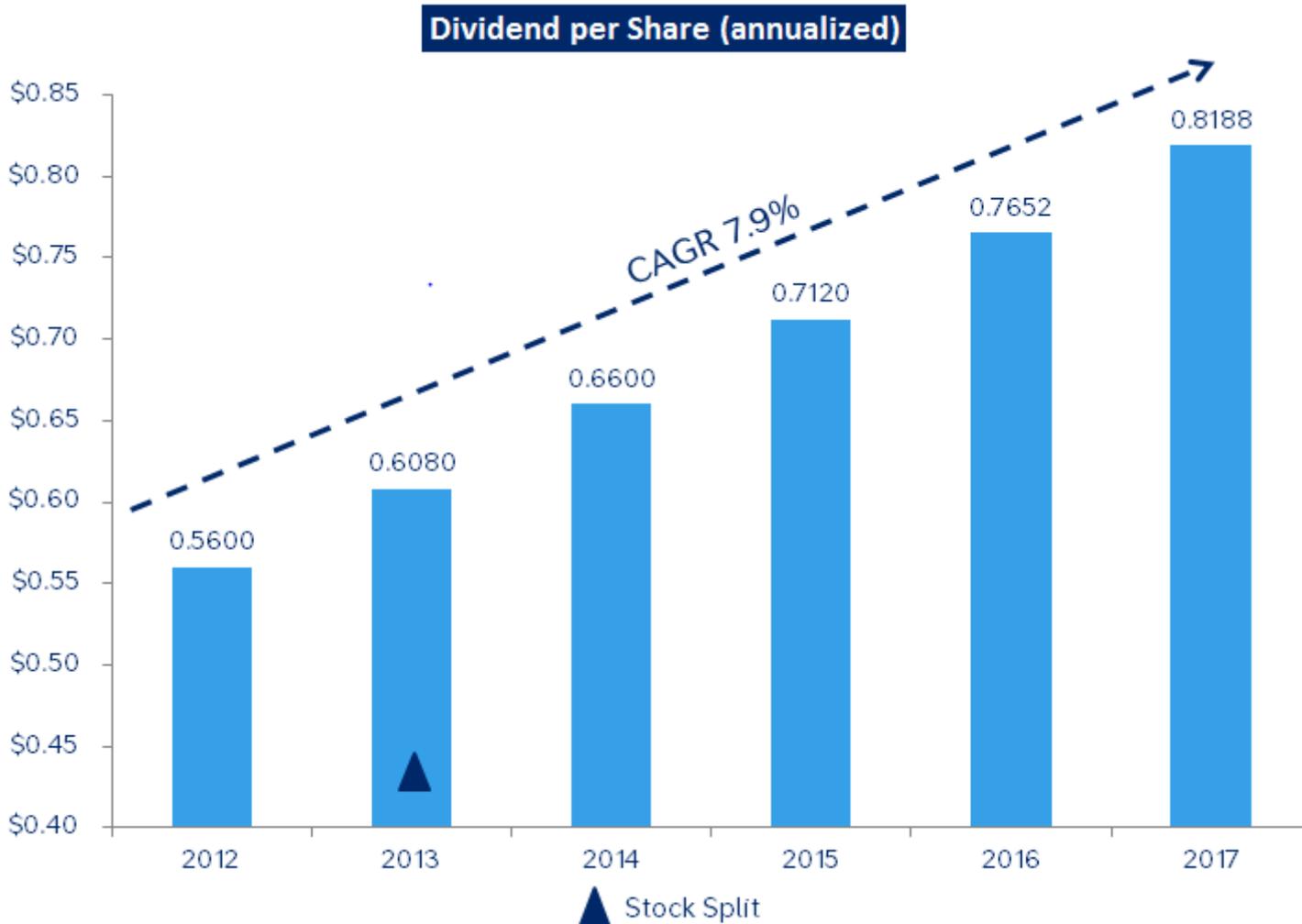
High: 130.93 Low: 98.34 Chg: 30.59%



Source: FactSet

# Dividend History

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



# 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 through 2020 in existing operations
- Rate base growth of approximately 7%

## Rate Activity

- Aqua Pennsylvania, expects to file a rate case in 2018

## Customer Growth

- Customer growth of 2 to 3% year-over-year

# Questions



AQUA<sup>SM</sup>

NYSE:WTR

# Thank You For Attending

---

For more information contact:  
Brian Dingerdissen  
Chief of Staff and Head of Investor Relations  
610.645.1191  
[BJDingerdissen@AquaAmerica.com](mailto:BJDingerdissen@AquaAmerica.com)