

Earnings Call

Second Quarter 2018



August 2, 2018

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

Today's Presenters



Chris Franklin
*Chairman, CEO and
President*



Dave Smeltzer
*Executive Vice President
& Chief Financial Officer*



Dan Schuller
*Executive Vice President, Deputy
CFO*



Matthew Rhodes
*Executive Vice President,
Strategy & Corp. Development*



Brian Dingerdissen
*Vice President, Chief of Staff
& Investor Relations*

Introduction

Christopher Franklin

Chairman, Chief Executive Officer and President





Agenda

- Corporate Highlights
- Summary of Financial Results
- PA Rate Case Update
- Acquisition Update
- 2018 Guidance
- Questions

Corporate Highlights

Acquisitions

- Closed Manteno and Limerick municipal acquisitions adding 9,200 customers
- 6 additional municipal asset purchase agreements currently signed

Revenue Growth



Infrastructure Investment

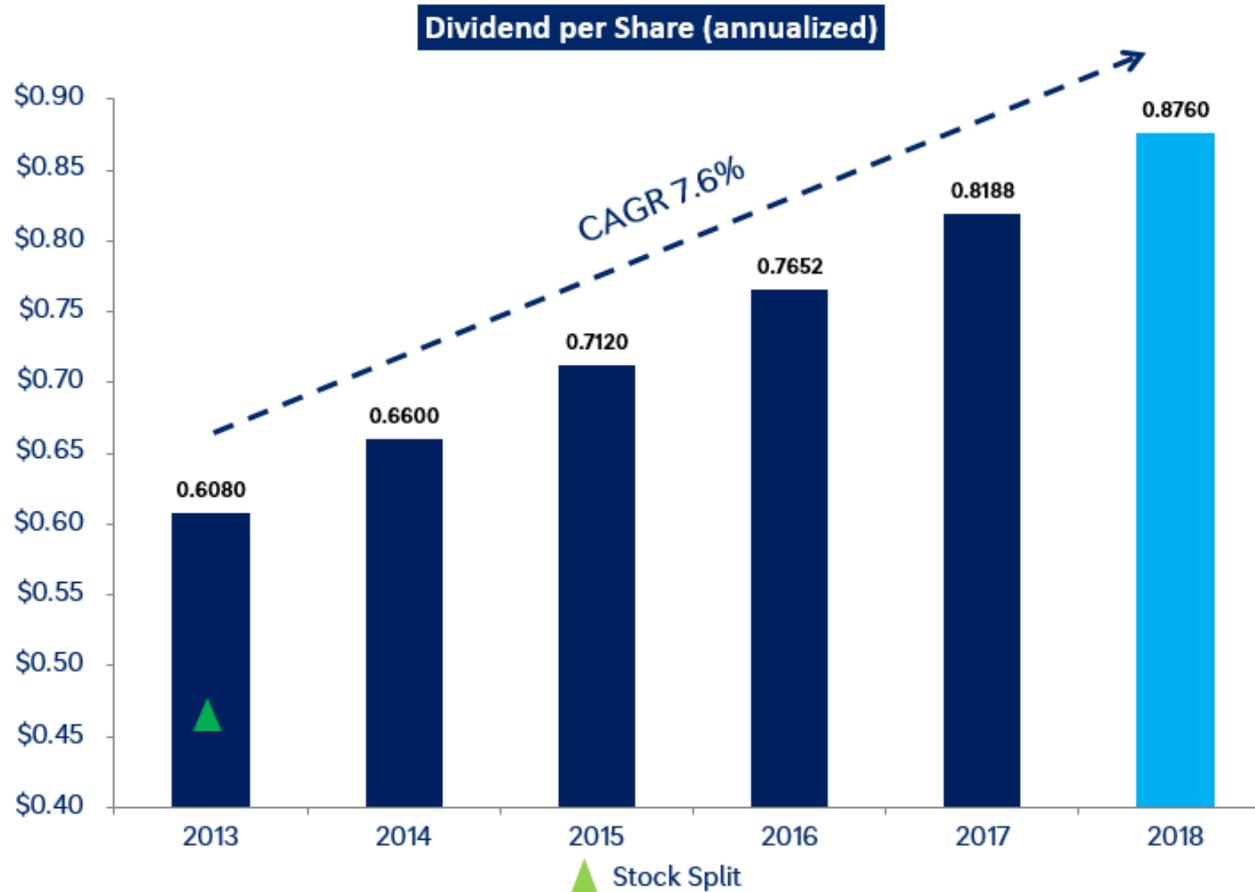
- Invested \$216.6 million in pipes, plants and other infrastructure year to date
- We expect to invest approximately \$500 million this year

EPS Growth



Dividend Increase

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



Summary of Financial Results

Dave Smeltzer

Executive Vice President, CFO

Dan Schuller

Executive Vice President, Deputy CFO

AQUASM

2018 Second Quarter Highlights

-  Favorable Change
-  Unfavorable Change

In millions except per share	Q2 2018		Q2 2017	Variance
Revenue	\$211.9		\$203.4	4.2%
Operations and Maintenance Expense	\$73.5		\$69.6	5.6%
Net Income	\$66.6		\$61.0	9.2%
Net Income per Share	\$0.37		\$0.34	8.8%

Year to Date Highlights

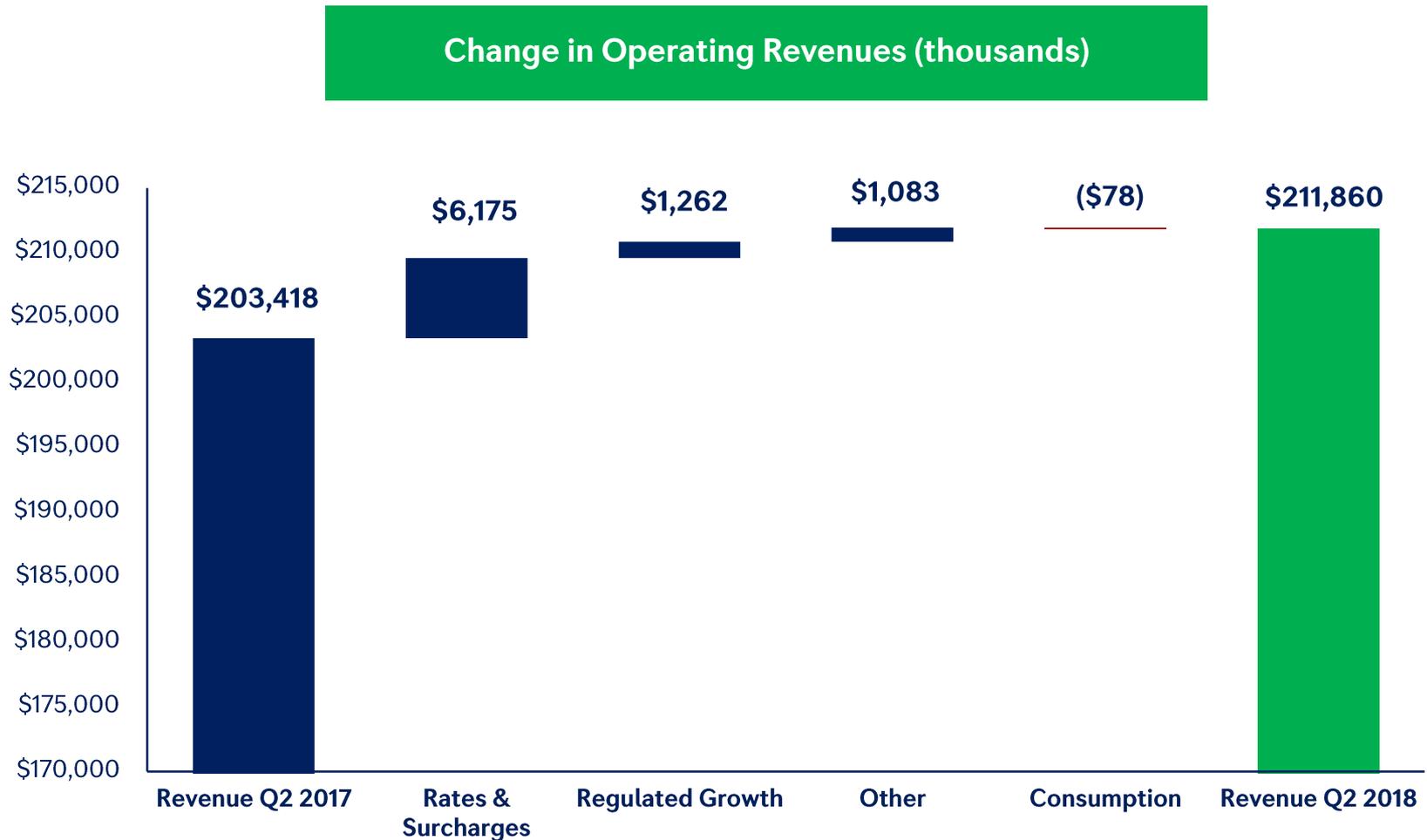
As of June 30, 2018

-  Favorable Change
-  Unfavorable Change

In millions except per share	YTD 2018		YTD 2017	Variance
Revenue	\$406.2		\$391.2	3.8%
Operations and Maintenance Expense	\$147.5		\$137.5	7.2%
Net Income	\$117.4		\$110.0	6.7%
Net Income per Share	\$0.66		\$0.62	6.5%

Operating Revenues

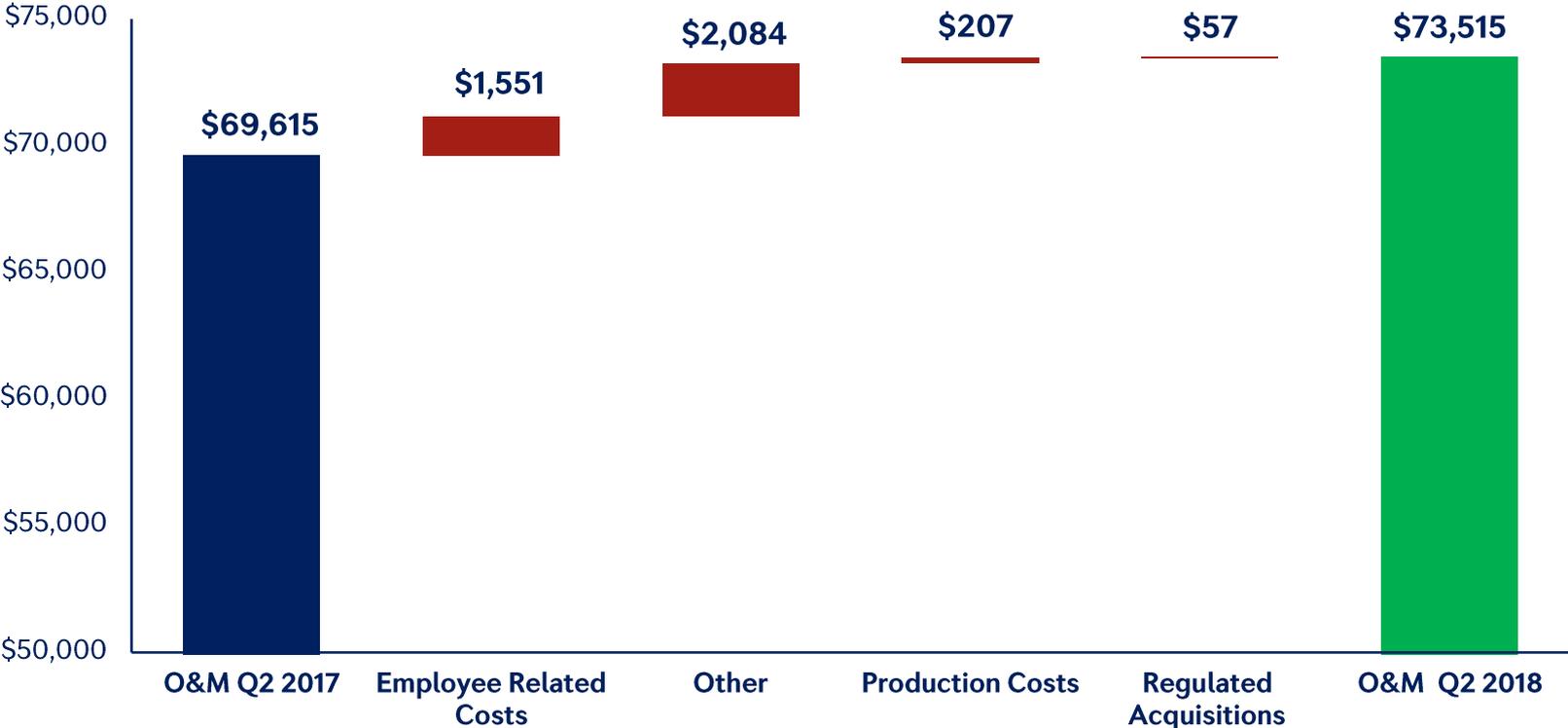
Q2 2018 vs. Q2 2017



Operations & Maintenance Expenses

Q2 2018 vs. Q2 2017

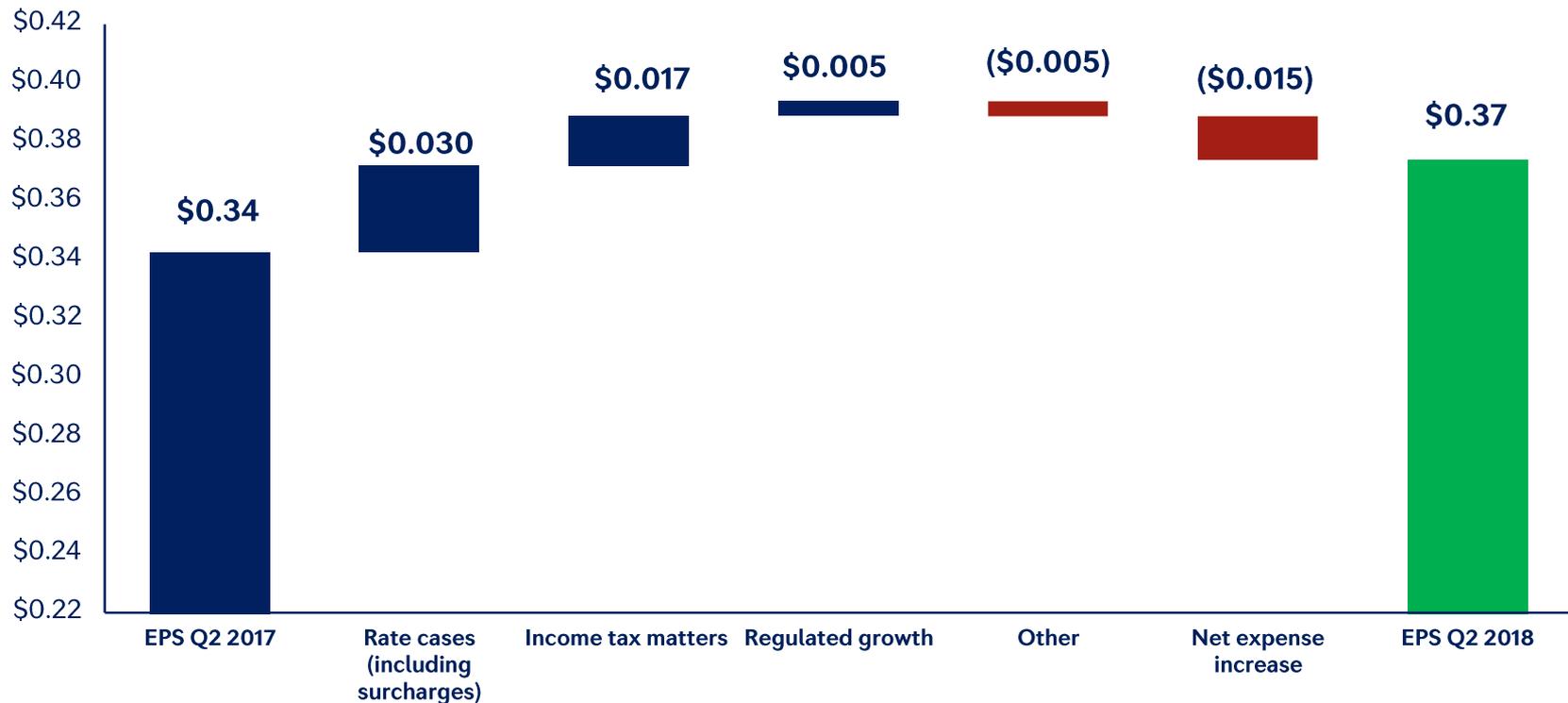
Change in Operations & Maintenance Expenses (thousands)



Earnings per Common Share

Q2 2018 vs. Q2 2017

Change in Earnings Per Share



Rate Activity

As of August 1, 2018

2018

Completed Rate Cases and Surcharges

- Base rate cases or surcharges completed in IL, IN NJ, NC, OH, PA, and TX
- **\$20 million** in additional annualized revenue

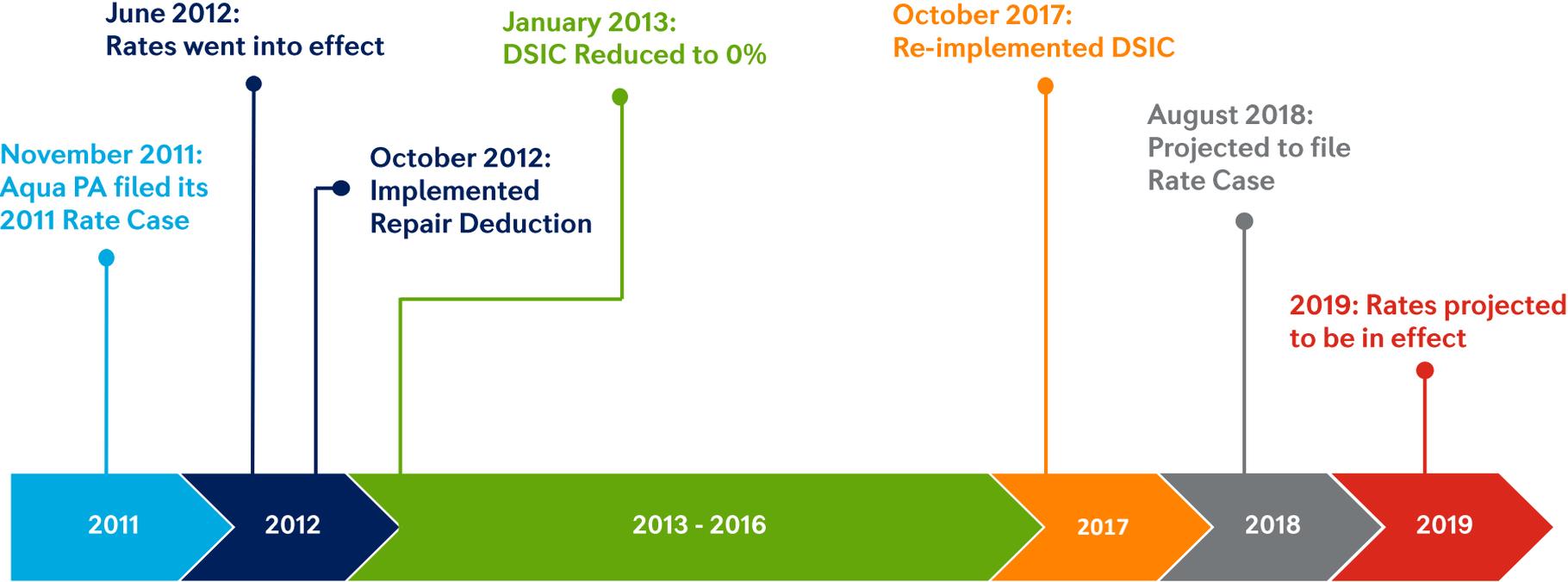
2018

Pending Rate Cases and Surcharges

- Base rate cases or surcharges in IN, NC, OH, and VA with requested annualized revenue increase of **\$8.8 million**

Additional rate activity information provided in Appendix

PA Rate Case Summary



PA Rate Case Summary

Timeframe:

- File: Summer 2018
- Complete: Spring 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
'18 and '19 (est.)	\$650,000
Total	\$2,014,532

Acquisitions

Matt Rhodes

Executive Vice President, Strategy &
Corporate Development



2018 Closed Municipal Acquisitions

As of August 1, 2018

Acquisitions	State	Type	Total Customers	Purchase Price (\$thousands)
Manteno	IL	WW	3,838	\$25,000
Limerick	PA	WW	5,434	\$75,100
Total			9,272	\$100,100

1.4% Total Customer Growth YTD 2018, From Acquisitions and Organic Growth

Listed in chronological order of closing.

Limerick was previously referred to as “System A” and Manteno as “System F”.

Signed Municipal Agreements

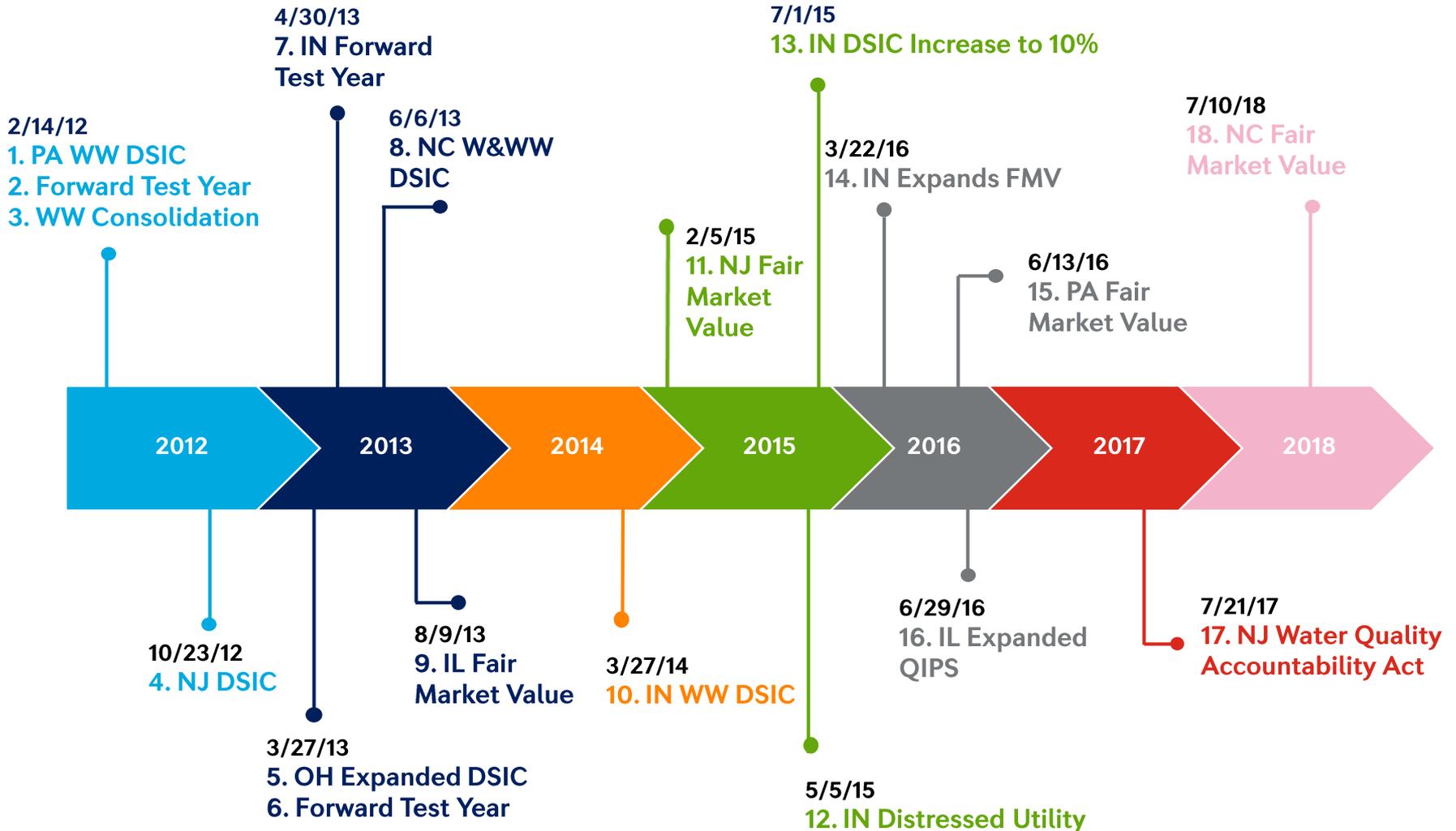
As of August 1, 2018

Acquisition	State	Type	Approx. Number of Customers	Approx. Purchase Price (\$000s)
New Garden	PA	WW	2,106	\$29,500
System D	PA	W	600	\$3,600
System E	IL	W / WW	2,987	\$12,300
East Bradford	PA	WW	1,248	\$5,000
System H	IL	WW	540	\$2,300
Cheltenham	PA	WW	10,500	\$50,250
Total			17,981	\$102,950

Listed in chronological order of signing.

New Garden was previously referred to as “System B” and East Bradford as “System G”. Tobyhanna known as “System C” closed in 2017.

Water & Wastewater Regulatory Trends



Guidance

Aqua America



2018 Guidance

Earnings	<ul style="list-style-type: none">• Full-year earnings per share between \$1.37 – \$1.42
Capex	<ul style="list-style-type: none">• Infrastructure investment of approximately \$500 million in 2018• Infrastructure investment of approximately \$1.4 billion planned through 2020 in existing operations• Rate base growth of approximately 7%
Rate Activity	<ul style="list-style-type: none">• Aqua Pennsylvania expects to file a rate case in August 2018 with resolution expected in 2019
Customer Growth	<ul style="list-style-type: none">• Total customer growth of between 2 to 3%

Q&A Session

Aqua America



Thank You for Attending Aqua America's Second Quarter 2018 Conference Call

**Third Quarter 2018 Earnings Conference
Call and Webcast
Tuesday, November 6, 2018**

For more information contact:



Brian Dingerdissen

Vice President, Chief of Staff and Investor Relations

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Appendix

Aqua America



2018 Closed Acquisitions

As of August 1, 2018

Acquisition	State	Transaction	Type	Number of Customers	Purchase Price (\$000s)
Sun Valley	PA	Private	W	81	\$5
Firestone Trace	OH	Private	W	229	\$124
Firestone Trace	OH	Private	WW	138	\$61
Limerick	PA	Municipal	WW	5,434	\$75,100
Manteno	IL	Municipal	WW	3,838	\$25,000
				9,720	\$100,290

Rates and Surcharges Completed

As of August 1, 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)
New Jersey	WR16010090	Surcharge (w)	(\$39)
	WR18030237	Tax Compliance Filing	(\$2,615)
North Carolina	W-2018, Sub 363A	Surcharge (w)	(\$13)
	W-2018, Sub 363A	Surcharge (ww)	\$115
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	Surcharges (w)	\$19,303
Texas	48197	Tax Credit Surcharge	(\$3,726)
		Total	\$20,047

Rates and Surcharges Pending

As of August 1, 2018

State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Indiana	Cause No. 45032 Sub docket 18 & 19	Tax Compliance Filing	(\$486)
North Carolina	W-218, Sub 497	Rate Case (w)	\$3,664
	W-218, Sub 497	Rate Case (ww)	\$1,304
Ohio	18-0337-WW-SIC	Surcharge (w)	\$2,440
Virginia*	PUR-2017-00082	Rate Case (w)	\$1,489*
	PUR-2017-00082	Rate Case (ww)	\$399*
		Total	\$8,810

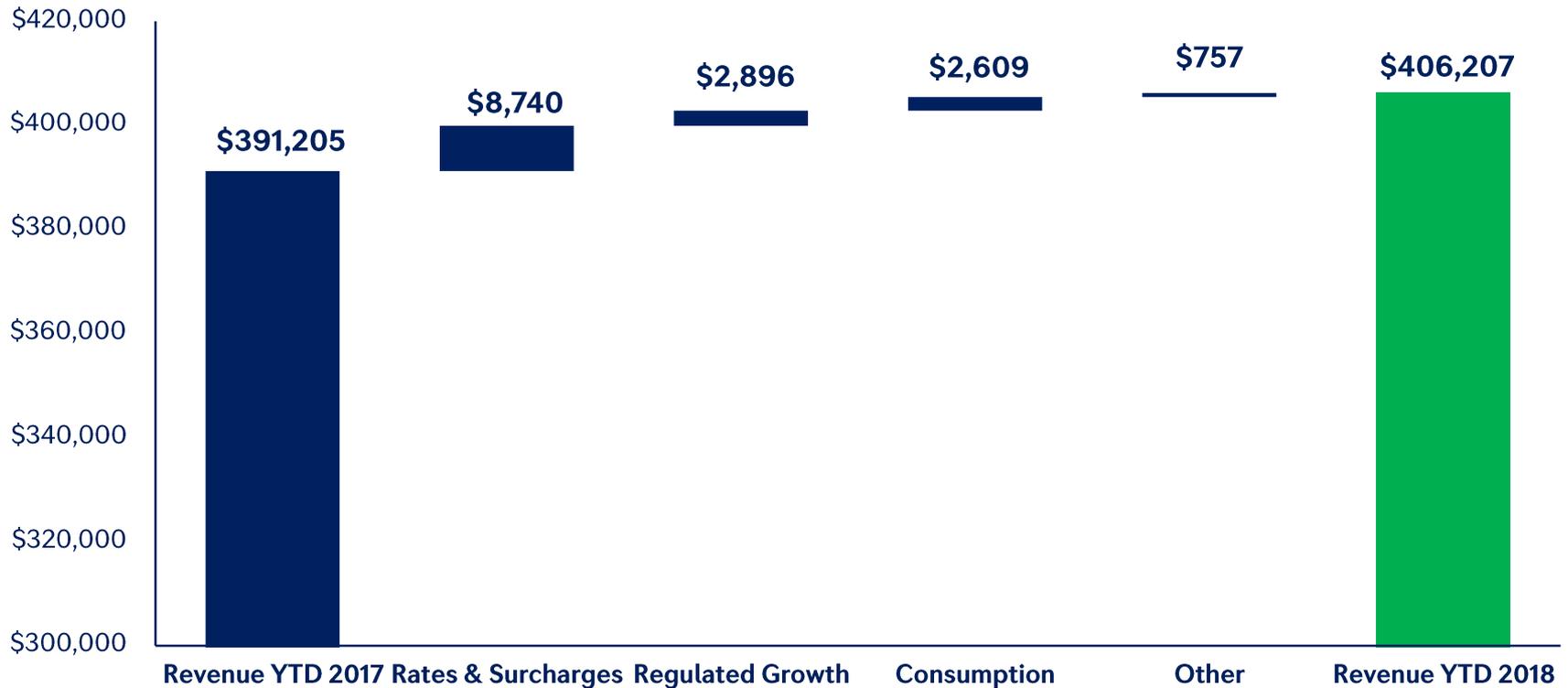
Rates and Surcharges differentiated by water (w) and wastewater (ww) systems

*VA Interim Rates were reduced for water, and eliminated for wastewater in response to the Tax Cuts and Jobs Act.

Operating Revenues

YTD June 30, 2018 vs. YTD June 30, 2017

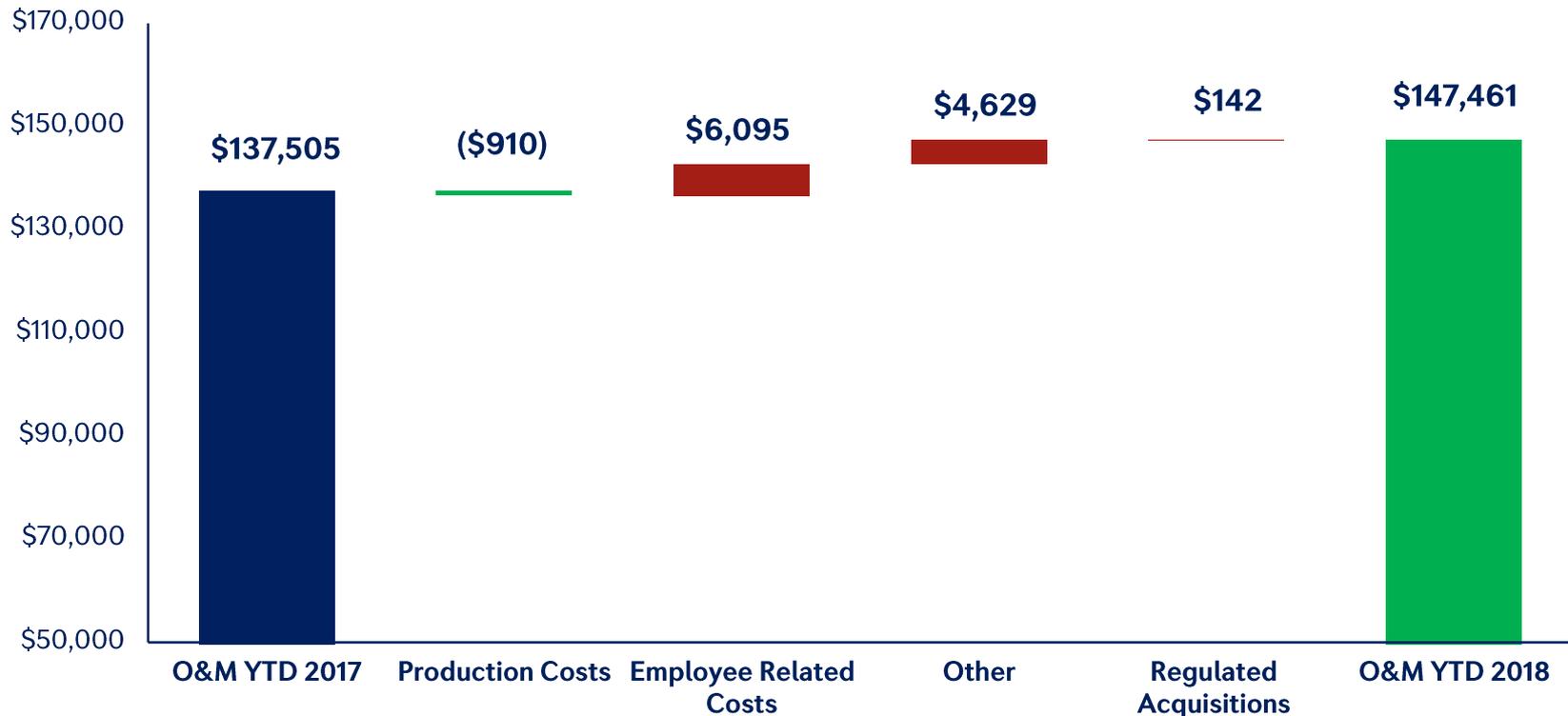
Change in Operating Revenues (thousands)



Operations & Maintenance Expenses

YTD June 30, 2018 vs. YTD June 30, 2017

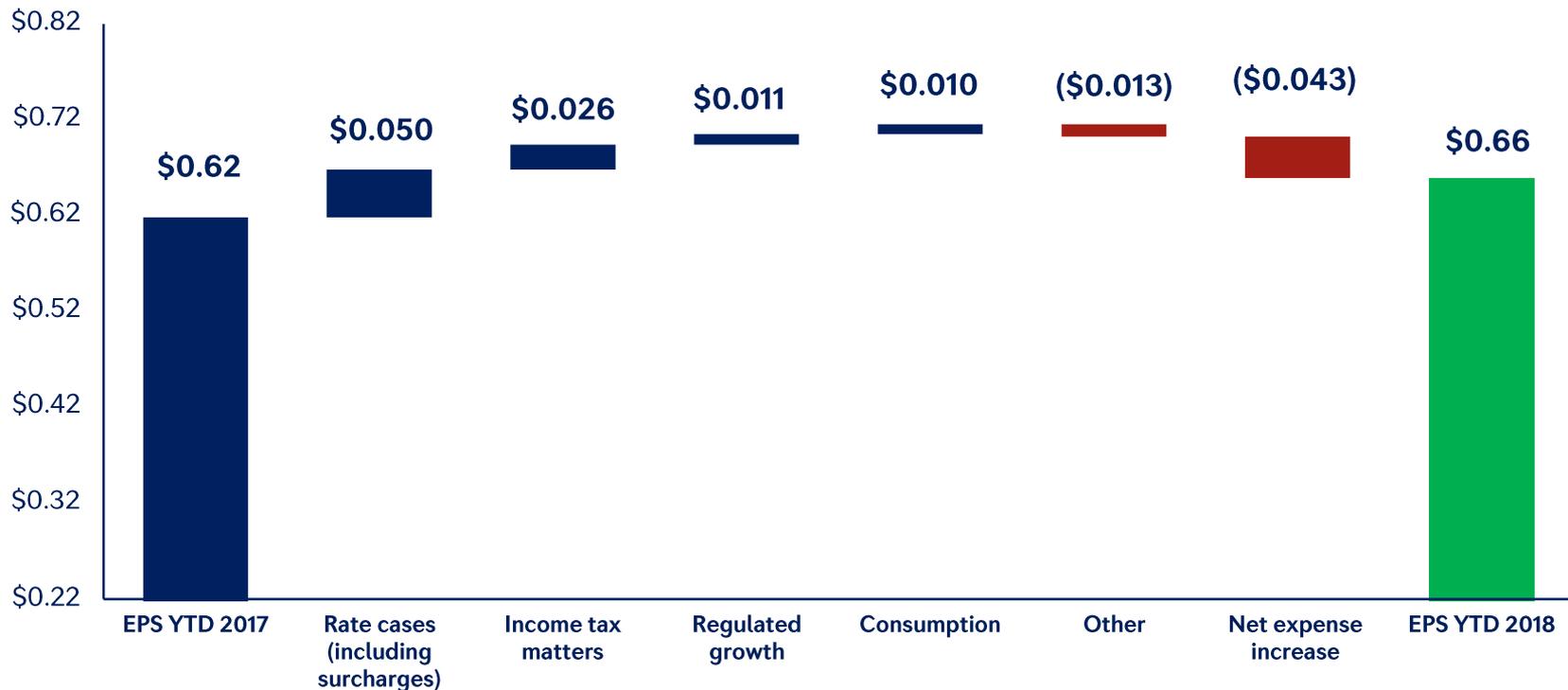
Change in Operations & Maintenance Expenses (thousands)



Earnings per Common Share

YTD June 30, 2018 vs. YTD June 30, 2017

Change in Earnings Per Share



State by State Comparison

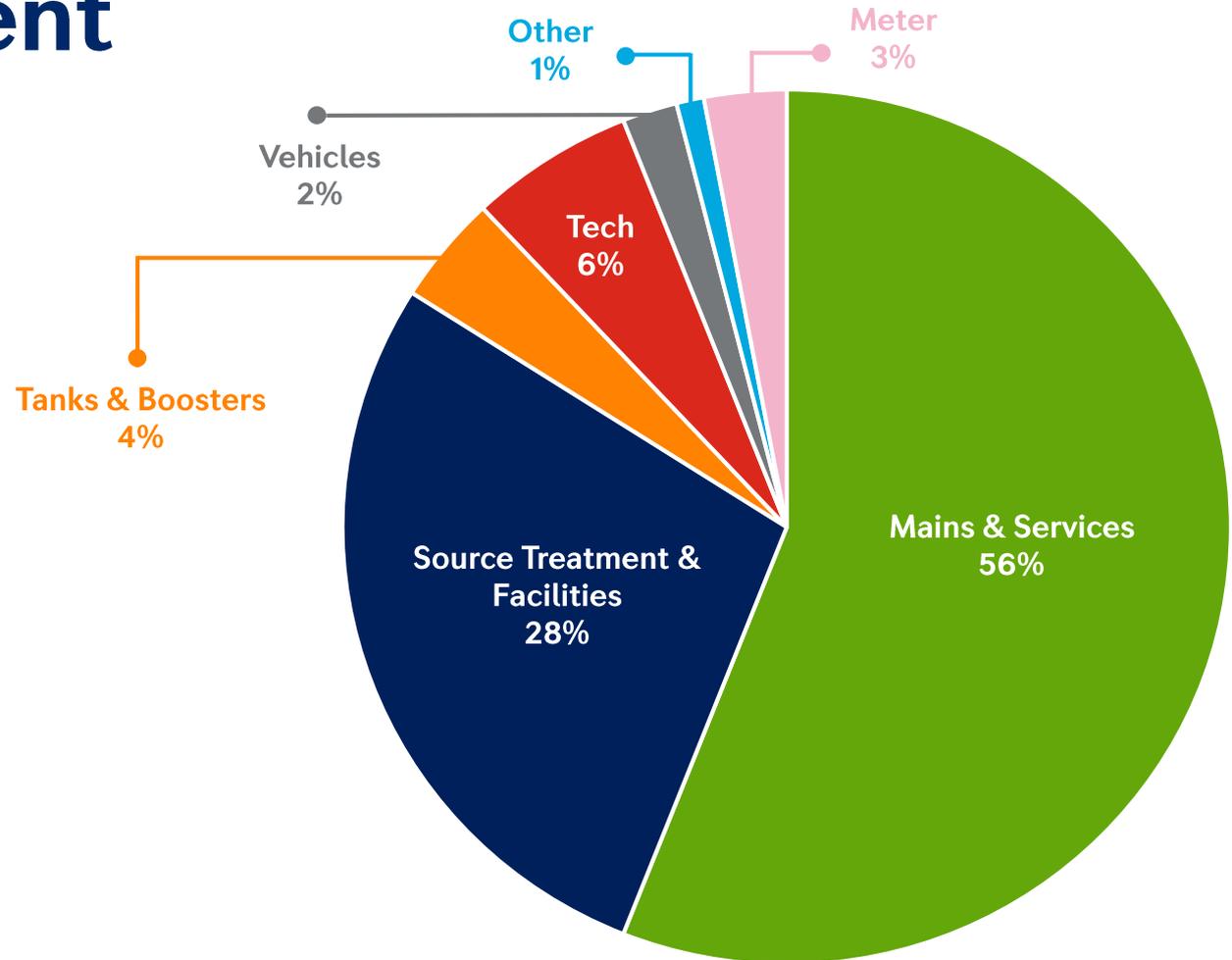
As of December 31, 2017

State	Rate Base (\$millions)	Water Connections	Wastewater Connections
PA	\$2,831	437,985	21,306
OH	287	145,000	6,719
IL	276	63,699	9,821
TX	241	63,046	16,869
NJ	172	53,115	6,125
NC	165	79,906	18,293
IN	74	1,169	26,371
VA	77	25,676	7,749
Total	\$4,123	869,596	113,253

Infrastructure Investment

Regulated Operations

Capital Investment Breakdown 2018 - 2020



3 Year Total = \$1.4 billion