

Aqua America

Investor Presentation

AQUA™

NYSE: WTR



May 9, 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

Company Overview



- Large multi-state water & wastewater company
- Proven growth model
- History of industry leading profitability
- Above average dividend growth

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3

U.S. Regulated Water and Wastewater Industry Overview



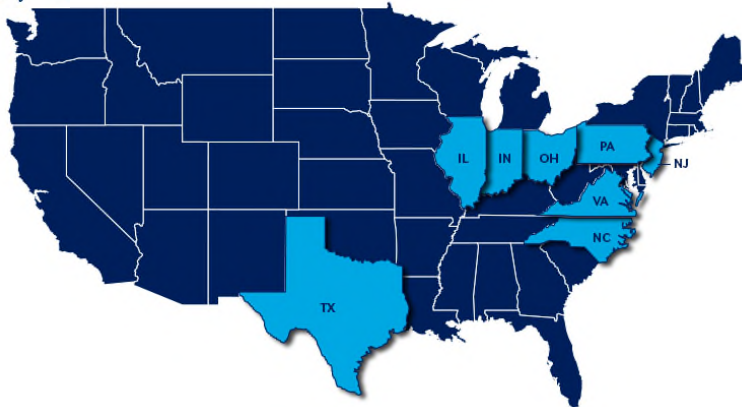
Water

- 53,000 systems in the U.S.
- 85% of U.S. population served by municipalities
- Aqua serves 1% of U.S. population



Wastewater

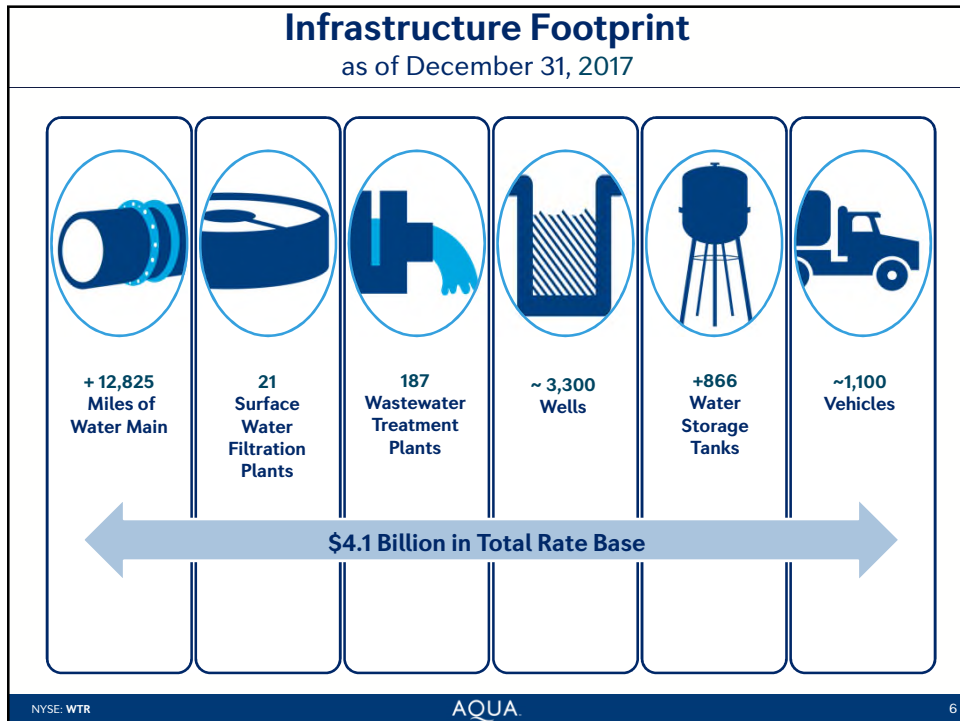
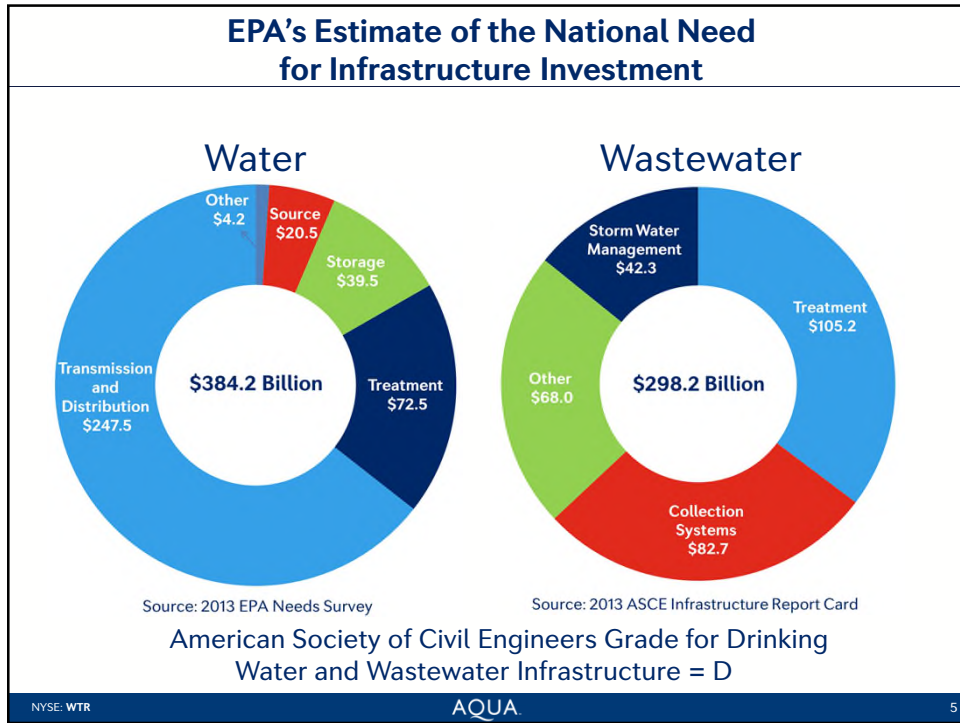
- 16,000 systems in the U.S.
- 97% of U.S. population served by municipalities
- Aqua serves 0.1% of U.S. population



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4



Mission: Protecting and Providing Earth's Most Essential Resource

Sustainability

Customers	Communities	Employees	Shareholders
<ul style="list-style-type: none"> Compliance Near 100% Reliability Responsible Rate Increases Trusted Partner Top of Class Customer Service 	<ul style="list-style-type: none"> Regulatory Innovation Civic Involvement Steward of Environment Rebuild Infrastructure Promote Economic Growth 	<ul style="list-style-type: none"> Concern for Work Life Balance Ensure a Safe Working Environment Demonstrate Fair Pay / Benefits Growth and Development Opportunities Utilize Technology to Improve Efficiency Labor/ Mgmt. Partnership 	<ul style="list-style-type: none"> Above Industry Average Long-term Growth Stable (Utility) Risk Profile Above Average Dividend Growth Buyback Opportunities

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2018 First Quarter Highlights

<div style="background-color: #2c3e50; color: white; padding: 10px; text-align: center; border-radius: 10px; margin-bottom: 10px;">Acquisitions</div> <ul style="list-style-type: none"> Three water and wastewater system acquisitions closed in Q1 including one in PA and two in Ohio 	<div style="background-color: #2c3e50; color: white; padding: 10px; text-align: center; border-radius: 10px; margin-bottom: 10px;">Revenue Growth</div> <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th>Quarter</th><th>Revenue</th></tr> <tr><td>Q1 2017</td><td>\$187,787</td></tr> <tr><td>Q1 2018</td><td>\$194,347</td></tr> </table>	Quarter	Revenue	Q1 2017	\$187,787	Q1 2018	\$194,347
Quarter	Revenue						
Q1 2017	\$187,787						
Q1 2018	\$194,347						
<div style="background-color: #2c3e50; color: white; padding: 10px; text-align: center; border-radius: 10px; margin-bottom: 10px;">Customer Growth</div> <ul style="list-style-type: none"> Added 2,259 new customers 2-3% customer growth expected for the year 	<div style="background-color: #2c3e50; color: white; padding: 10px; text-align: center; border-radius: 10px; margin-bottom: 10px;">EPS Growth</div> <table border="1" style="width: 100%; text-align: center; font-size: small;"> <tr><th>Quarter</th><th>EPS</th></tr> <tr><td>Q1 2017</td><td>\$0.28</td></tr> <tr><td>Q1 2018</td><td>\$0.29</td></tr> </table>	Quarter	EPS	Q1 2017	\$0.28	Q1 2018	\$0.29
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Q1 2017	\$0.28						
Q1 2018	\$0.29						

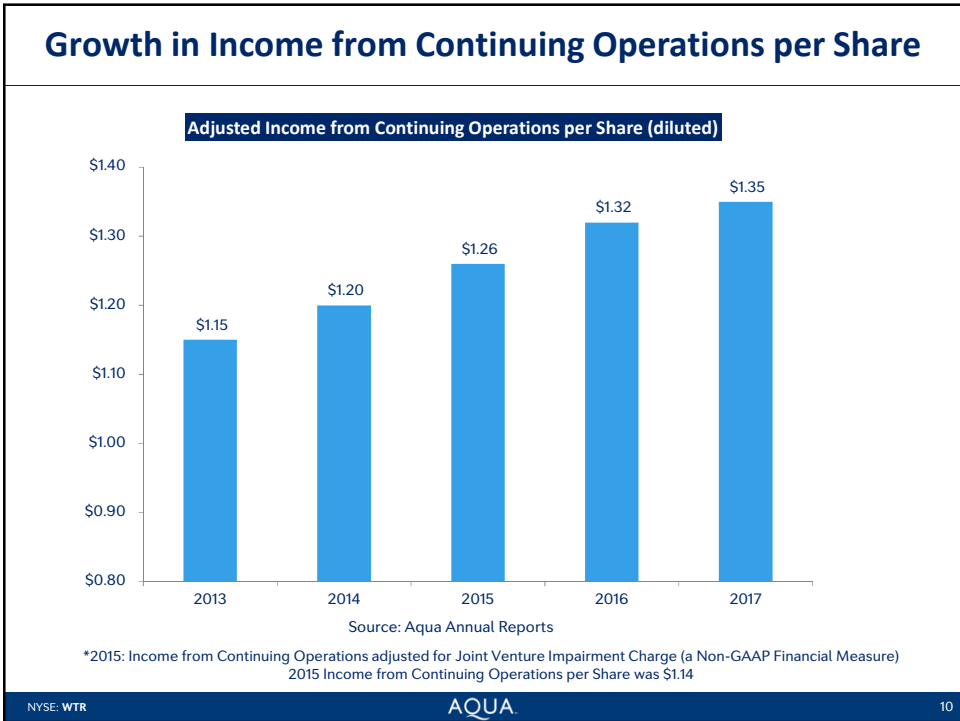
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8

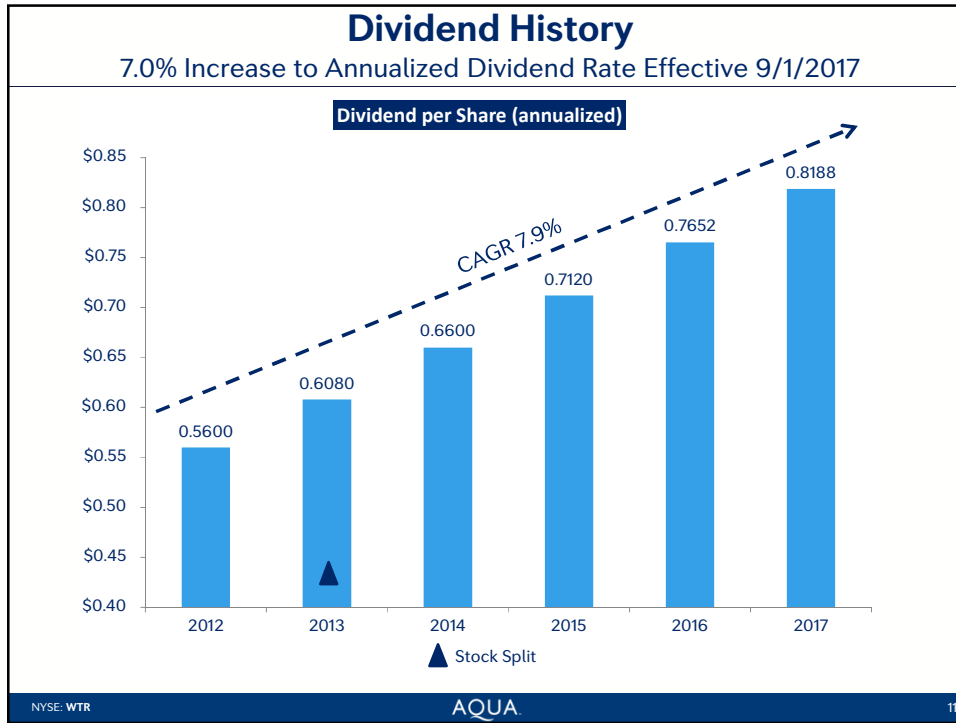
2018 First Quarter Financial Results

In millions except per share	Q1 2018	Q1 2017	Variance
Revenue	\$194.3	▲ \$187.8	3.5%
Operations and Maintenance Expense	\$73.9	▲ \$67.9	8.9%
Net Income	\$50.8	▲ \$49.1	3.6%
Net Income per Share	\$0.29	▲ \$0.28	3.6%

▲ Favorable Change
▲ Unfavorable Change

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9





Tax Reform Implications

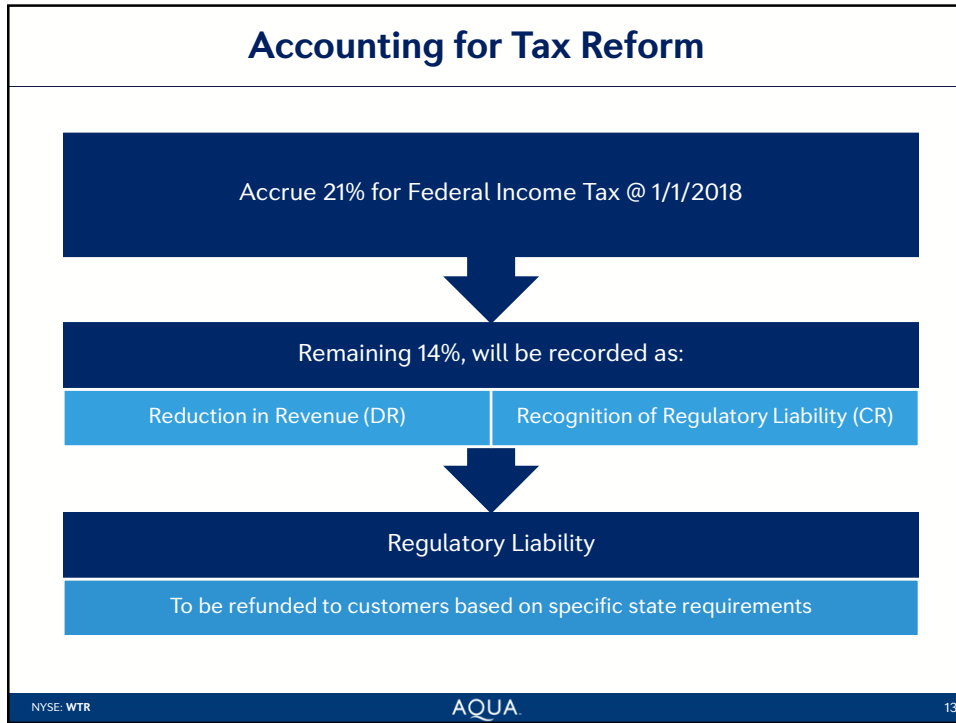
2017

- Write-off of \$3.1M
 - Typically related to deferred comp, goodwill and deferred gains
- \$303 million Deferred Income Tax reclassified to Regulatory Liability
- Ultimately be refunded to customers

2018

- Tax savings typically being deferred for future return to customers
- Exceptions
 - Negative impact in PA due to NOL status
 - Positive impact in Market Based and negotiated / divisions

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Change in Corporate Tax Rate

(Illustrative Example)

	35% Tax Rate	21% Tax Rate
Revenue	\$1.00	\$.88
Expenses	\$(0.35)	\$(0.35)
Pre-Tax Income	\$0.65	\$0.53
<i>Federal Tax Rate</i>	35%	21%
Federal Income Tax	\$(0.23)	\$(0.11)
Net Income	\$0.42	\$0.42

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Taxability of Capital Contributions (CAC / CIAC)

- Estimated \$27 Million in CAC/CIAC Additions
- Taxes estimated to be \$6 million
- Balance Sheet only
- Some states will recognize deferred tax asset in rate base

Key Benefits

- Reduces rates / bills without impacting profitability
- Helps comparability to municipal bills
- Reduces the future increases required related to Capital additions
- 7:1 projects become 8:1 projects
- Permits more system improvements in a typical 5% infrastructure surcharge

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

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PA Rate Case Summary

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18

Rate Activity

2018 Completed Rate Cases and Surcharges

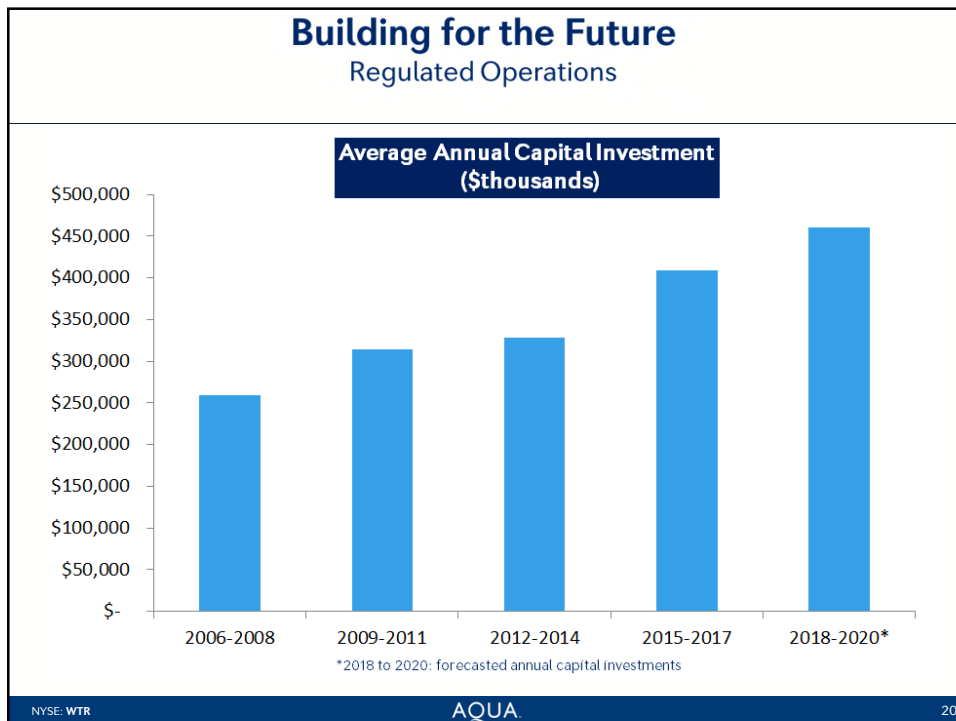
- Base rate cases or surcharges completed in IL, IN, NJ, NC, OH, PA, and TX
- \$23.6 million in additional annualized revenue

2018 Pending Rate Cases and Surcharges

- Base rate cases or surcharges in IN, NC, OH, and VA with requested annualized revenue increase of \$8.6 million

Additional rate activity information provided in Appendix

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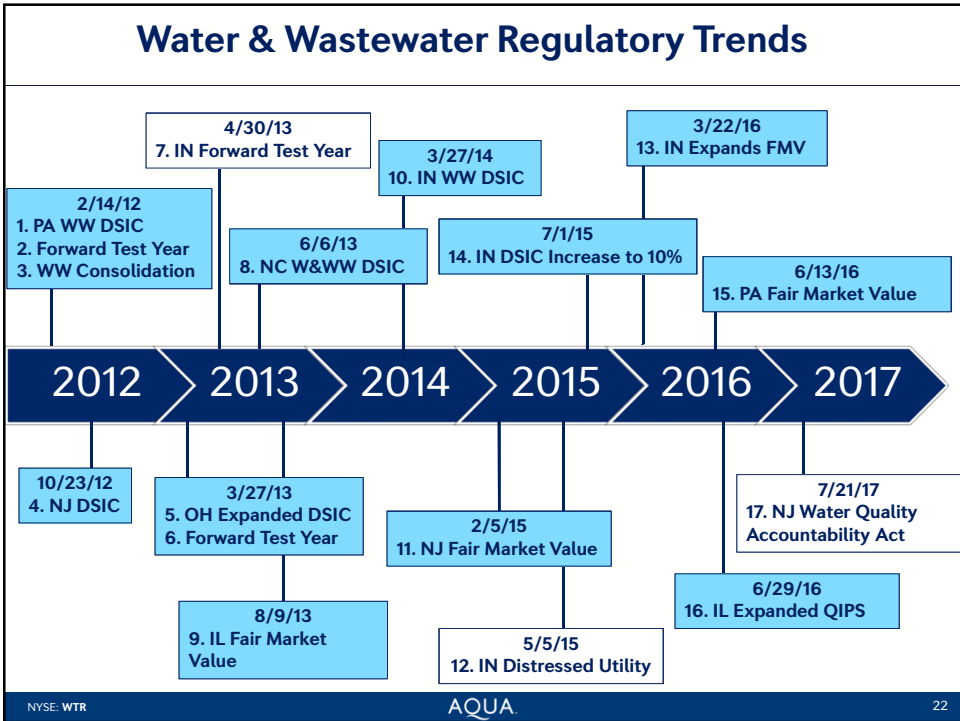


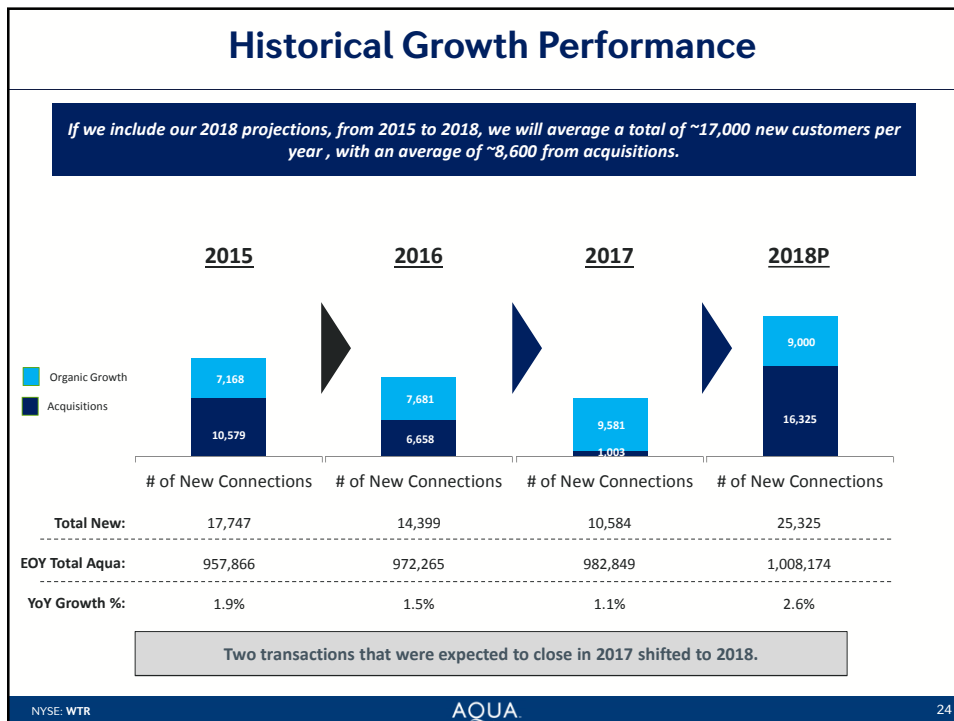
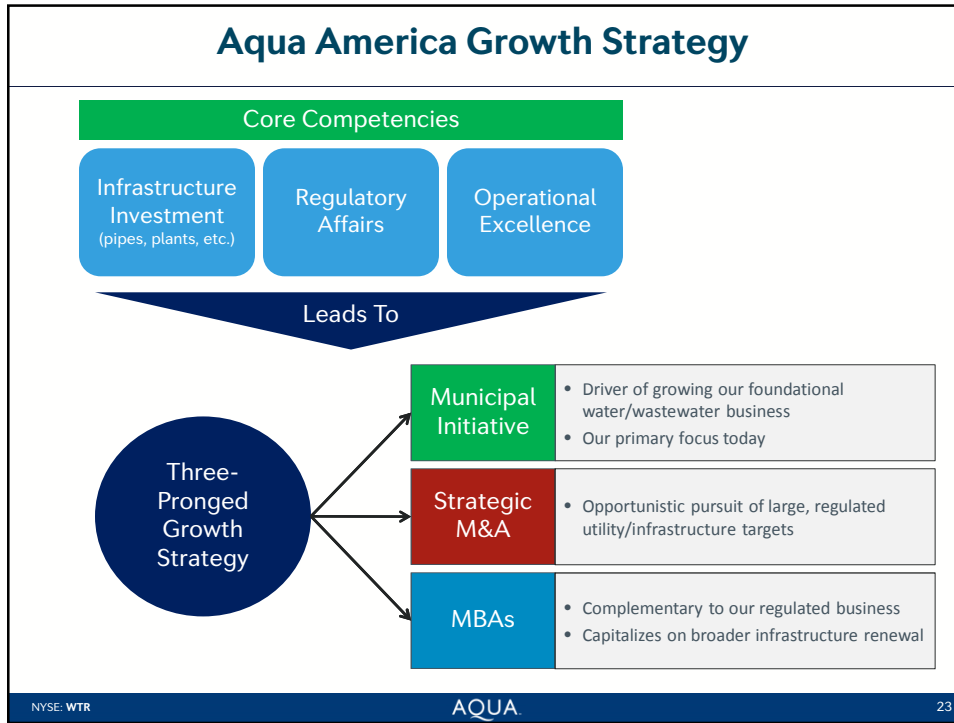
Aqua States with Infrastructure Surcharges

State	Allowed Surcharge
IL	2.5% Avg. Annual Increase
IN	10%
NC	5%
NJ**	5%
OH	12.75% water 9% wastewater
PA	7.5% water 5% wastewater

* 16 additional states have water infrastructure surcharges
** Water only

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21





2018 Municipal Acquisition Activity

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

Acquisition ¹	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
Total		16,325	\$150,700

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

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25

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

Rate Activity

- Aqua Pennsylvania, files a rate case in 2018 with resolution expected in 2019

Customer Growth

- Total customer growth of between 2 to 3%

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26

What Aqua Represents to the Investor

- One of the largest publicly traded water and wastewater companies, ideally positioned to address the nation's significant infrastructure needs
- A balanced growth & income investment with decades of strong dividend growth and performance
- Strategic approach to growth
- Strong Balance Sheet

For more information contact:
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Rates and Infrastructure Surcharges Completed as-of May 7, 2018

Rates or Surcharges Received in 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	(\$39)
New Jersey	WR16010090	Surcharge (w)	\$1,913
	WR18030237	Tax Compliance Filing	(\$2,615)
North Carolina	W-2018, Sub 363A	Surcharge (w)	\$14
	W-2018, Sub 363A	Surcharge (ww)	\$65
Ohio	Ordinance 22-2013 & 14-041	Rate Case (w)	\$1,333
Pennsylvania	M-2017-2638898, M-2018-3000644, M-2018-3000069	Surcharges (w)	\$19,303
Texas	48197	Tax Credit Surcharge	(\$3,726)
		Total	\$23,555

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

*IL Rate Case was petitioned for rehearing on 4/6/18 and denied on 4/19/18, however the other parties have 30 days to file an appeal – rate increase awarded could be subject to refund if an appeal is awarded

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Rates and Surcharges Pending

as-of May 7, 2018

Rates Pending in 2018			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
Indiana	TBD	Tax Compliance Filing	(\$750)
North Carolina	W-218, Sub 497	Rate Case (w)	\$3,664
	W-218, Sub 497	Rate Case (ww)	\$1,304
	W-218, Sub 363A	Surcharge (w)	(\$27)
Ohio	W-218, Sub 363A	Surcharge (ww)	\$50
	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			\$8,570

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 Tax Reform.

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31

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	\$4,125	869,596	113,253

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32

