



# 2015 Annual Shareholder Meeting

Nick DeBenedictis,  
Chairman, CEO, & President

AQUA™

May 8, 2015

# 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; the success of cost containment initiatives, including 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 effect of regulation on consolidation of the industry; the ability to generate earnings from capital investment; and other factors discussed in our Form 10-K for the fiscal year ended December 31, 2014, 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)

# Agenda

1. 2014 Year in Review
2. Shareholder Return
3. Investing for the Future
4. Non-Regulated Opportunities
5. 2015 Goals
6. Environmental Sustainability
7. Q&A Session



# 2014 Year in Review

# **2014 Year in Review**

Another Year of Record Earnings

**EPS increased to \$1.31 vs. \$1.25**

- Net income \$233.2 million, up from \$221.3 million

**Customer growth of 1.3%**

**Total Shareholder Return of 16%**

**24<sup>th</sup> Dividend increase in 23 years**

# 2014 Year in Review

## Growth:

- \$329 million in capital investments – 100% internally funded
- 16 acquisitions of new systems

## Financial Strength:

- Effective use of tax and regulatory policies
- A+ rating with Standard & Poor's - Aqua Pennsylvania

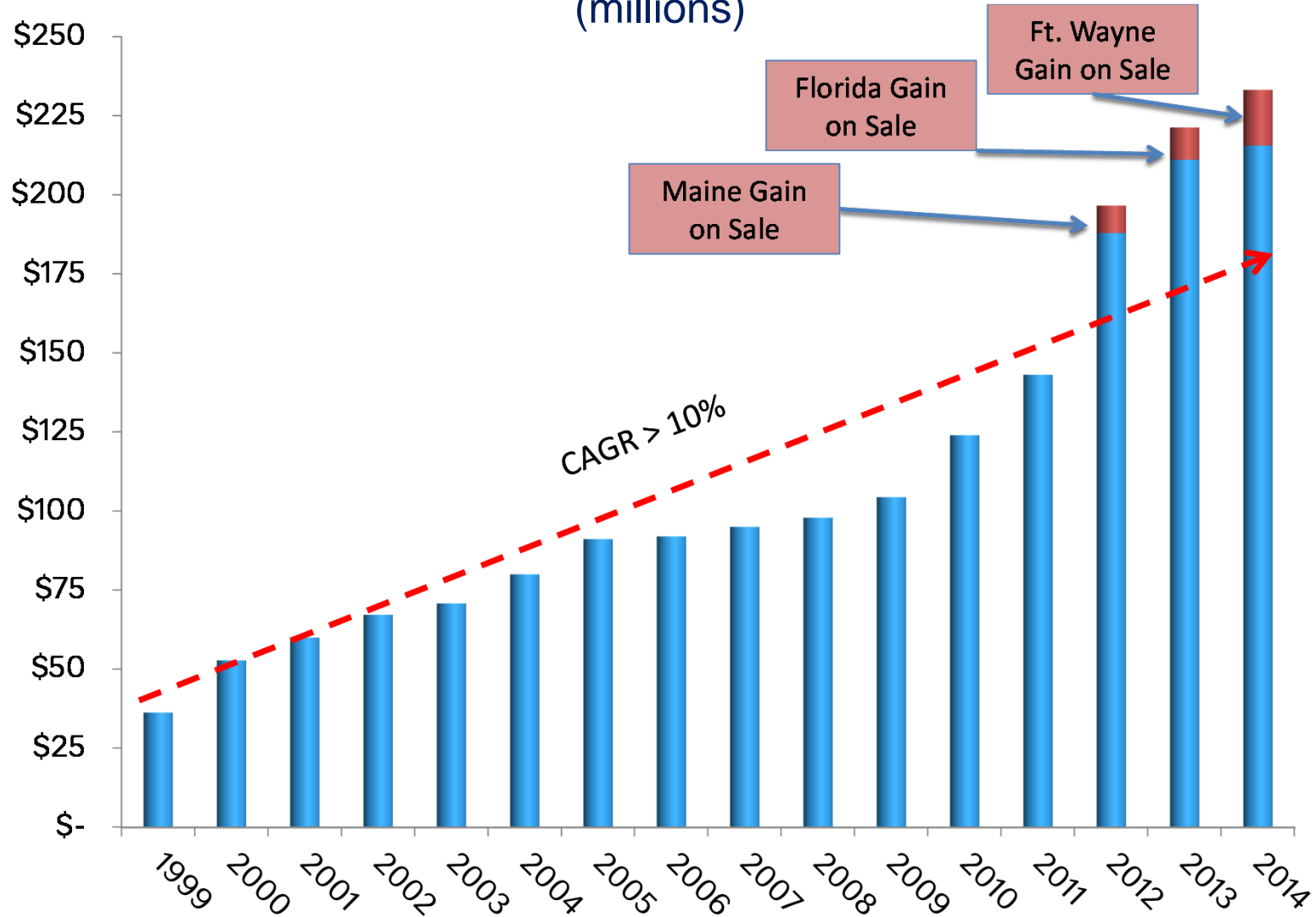
## Increased Efficiency

- Still one of the most cost efficient utility companies

# Net Income Growth

Delivering profitable growth

(millions)



Source: Aqua Annual Reports

# **Portfolio Rationalization (2011-14)**

**Sold South Carolina and Missouri operations**

**Acquired Texas assets - now earning at state ROE levels**

**Sold Maine operations for \$0.06 gain in 2012**

**Traded Aqua's NY assets for American's Ohio assets**

- Increase of 8,000 customers and \$50 million of rate base (at book value)

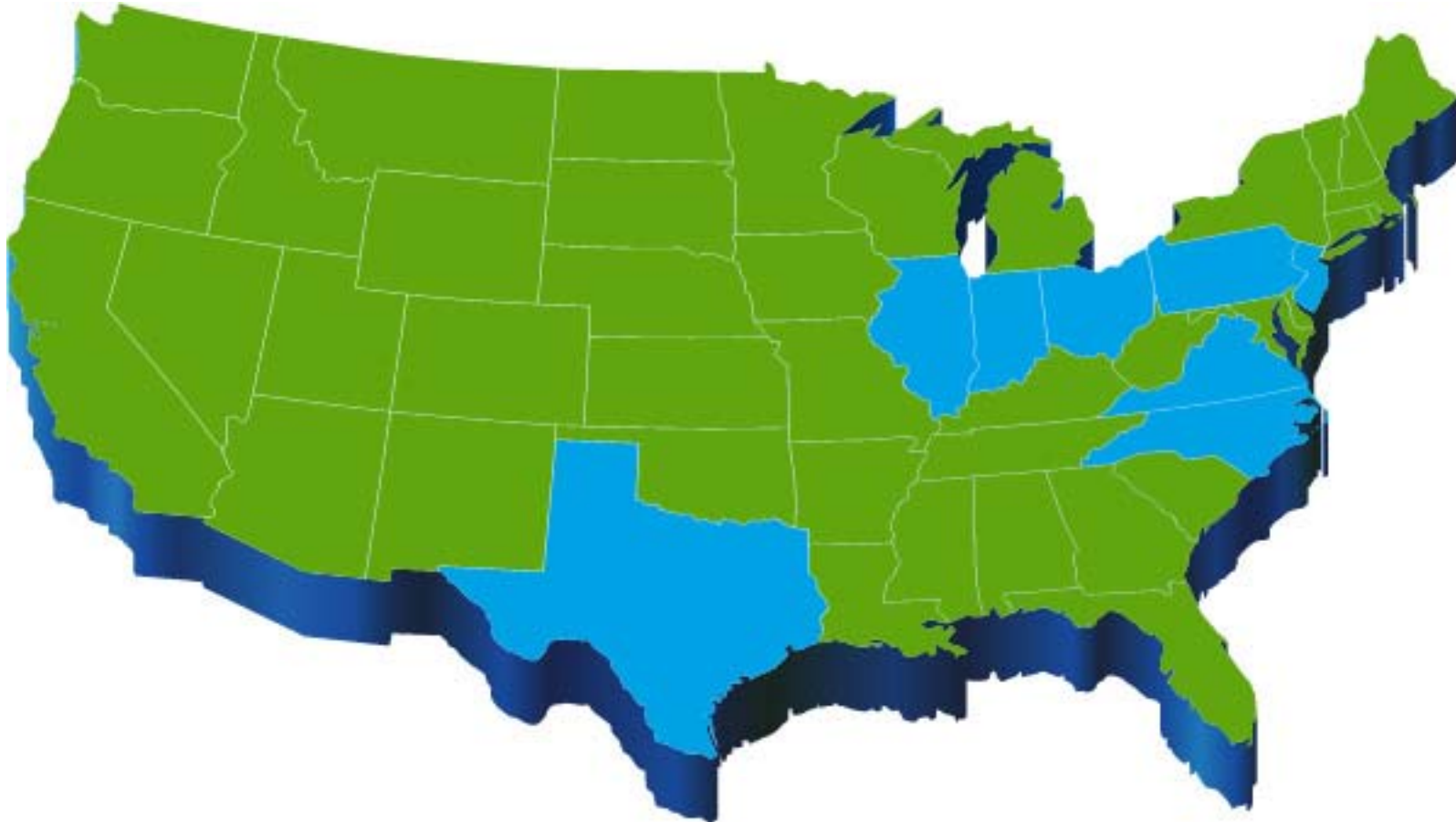
**Sold Florida operations for \$0.08 gain in 2013**

**Sold Ft. Wayne, IN operations for \$0.10 gain in 2014**



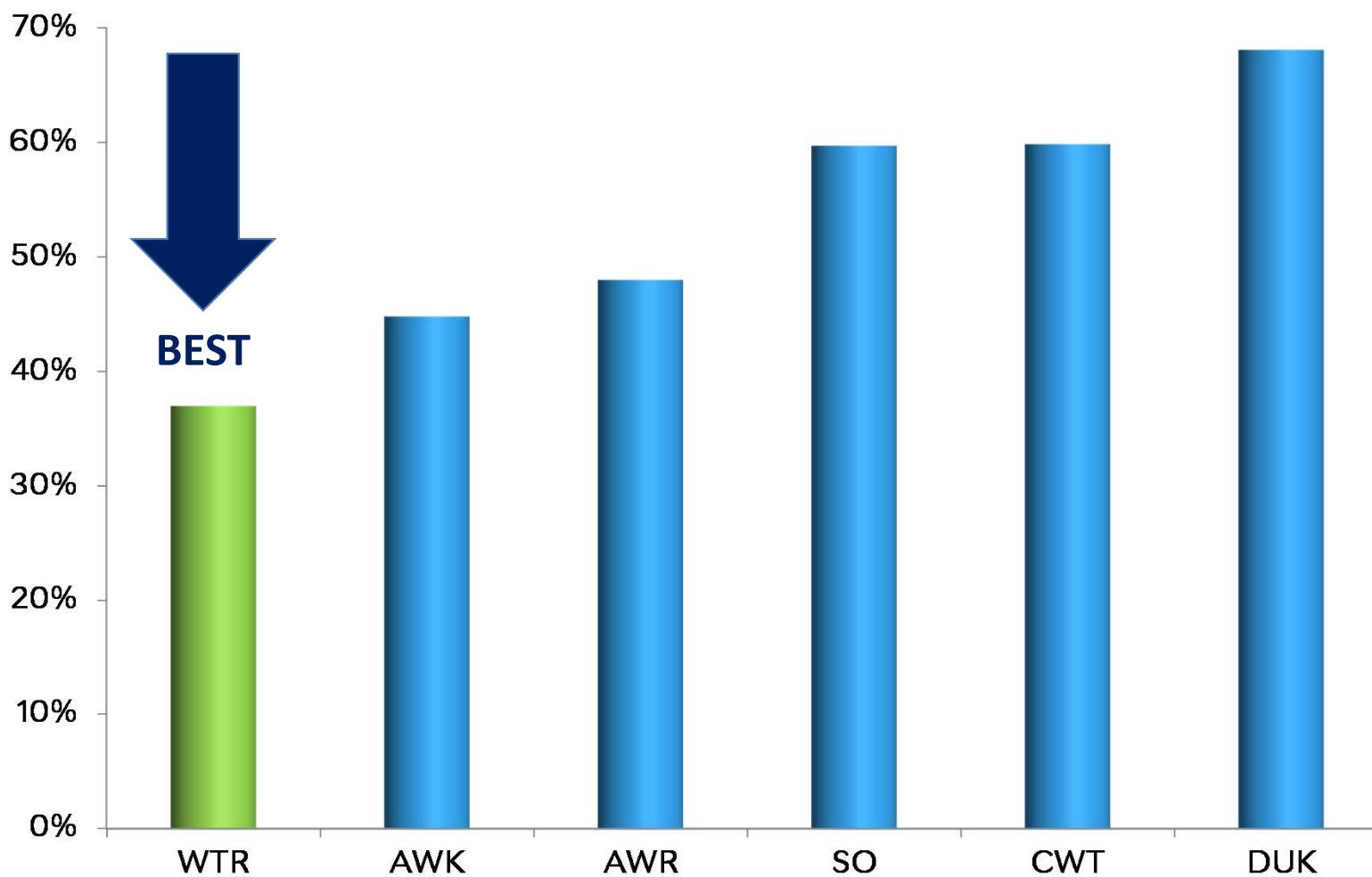
# Regulatory Operations in 8 states

- More than 300 acquisitions and growth ventures since 1995



# Controlling Operating Expenses

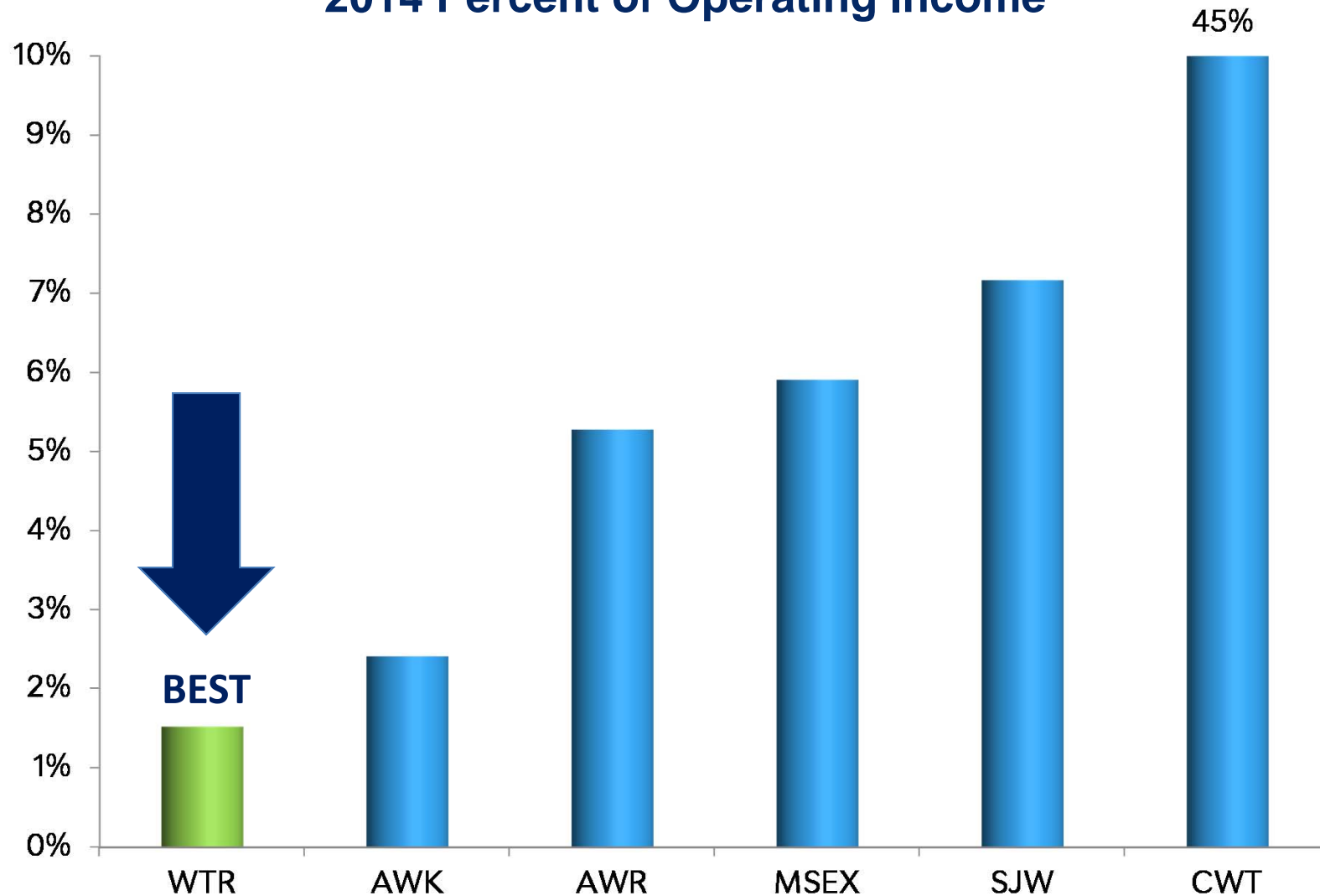
2014 O&M/Revenue = Efficiency Ratio



Source: 2014 Consolidated Statements of Income

# Pension Expense

## 2014 Percent of Operating Income



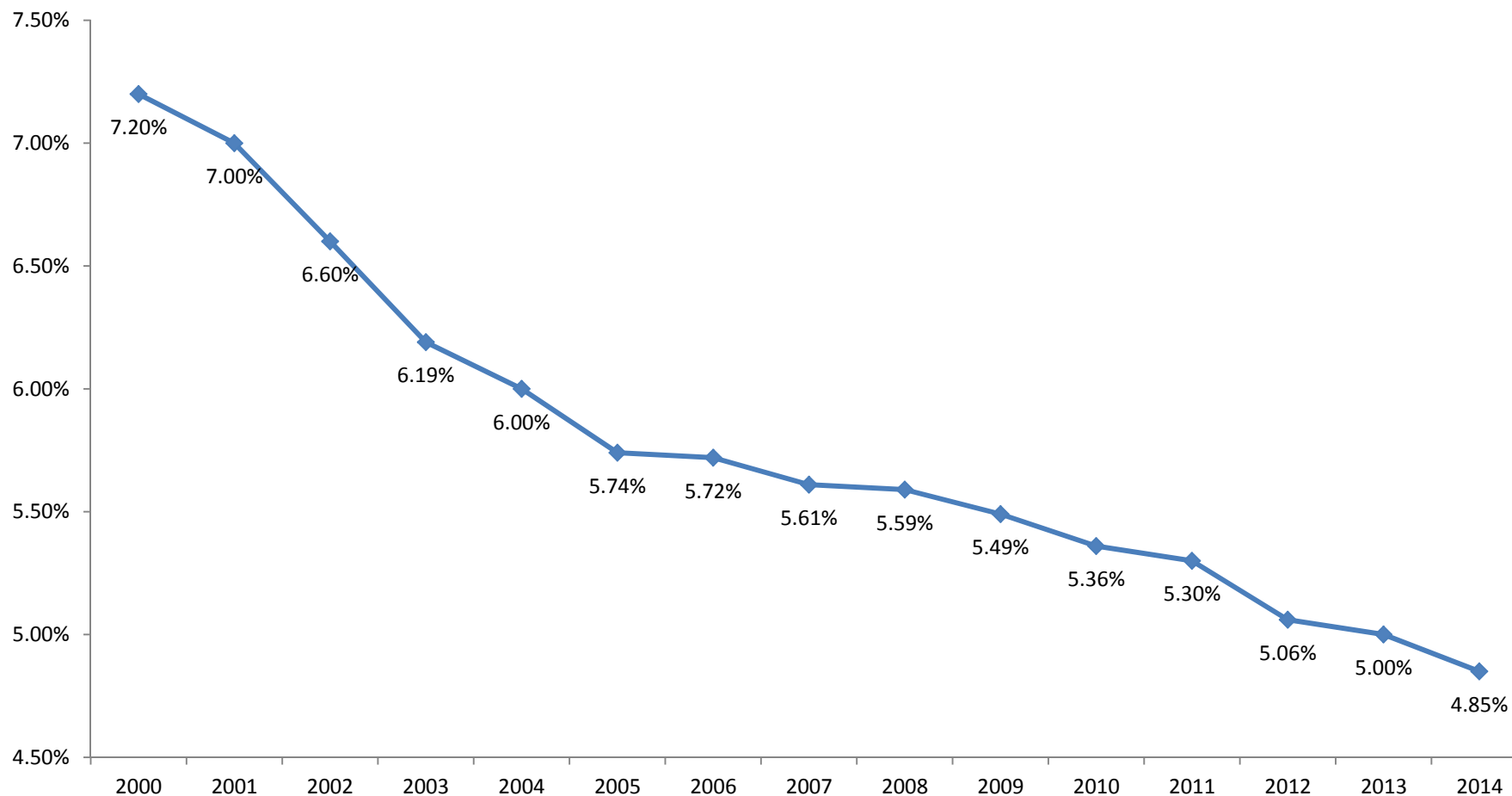
Source: 2015 Analysis of Financial Statements

\*CWT Pension Expense as a Percent of Operating Income Approximately 45%

# Financial Strength

## Weighted-Average Cost of Long-term Fixed-rate Debt

- Aqua Pennsylvania S&P A+ rating



No need for equity dilution

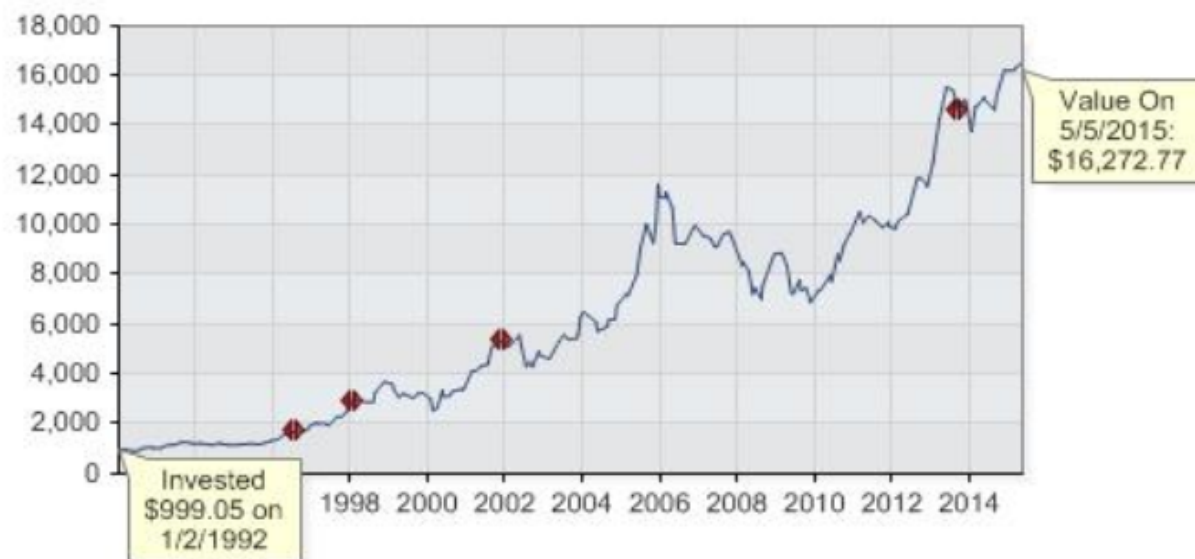


# Shareholder Return

# Stock Performance

If you invested \$1,000 in WTR 22 years ago, it would be worth more than \$16,000 today (assumes dividend reinvestment)

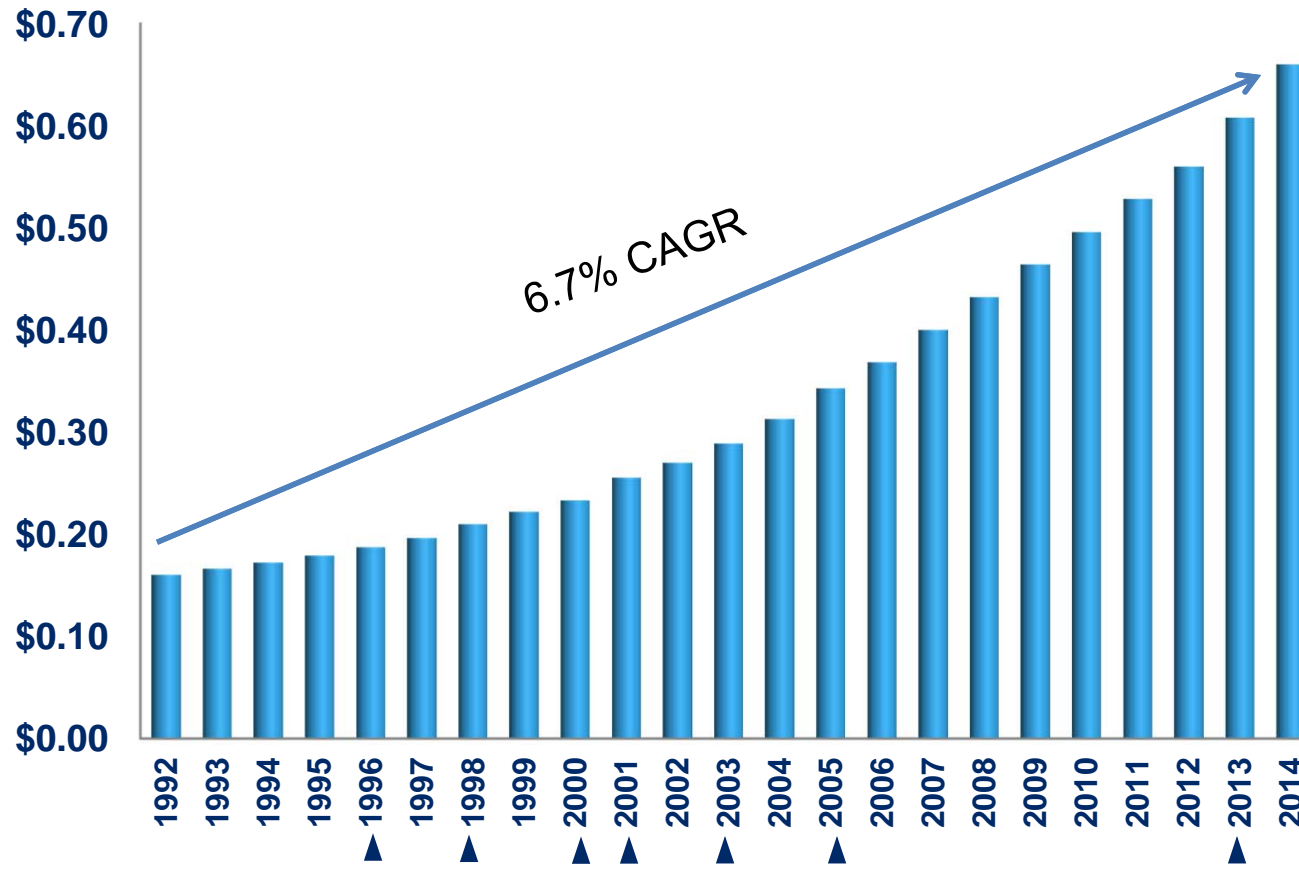
Investment Date:	Original Shares:	Original Value:	Current Shares:	Current Value:	Percent Return:
Jan 1, 1992	65	\$ 999.37	619	\$ 16,279.16	1,528.94%



	1992	2014
Market Cap	\$157M	>\$4.0B

# Dividend History

- 9% increase to annualized dividend rate of \$0.66 effective 9/1/2014



- 24<sup>th</sup> increase in 23 years
- Featured in August 2014 edition of Kiplinger Magazine article "8 Great Dividend Stocks You Never Heard Of"
- 70 Consecutive Years of Dividends

Effective yield since 1992 approximately 25%

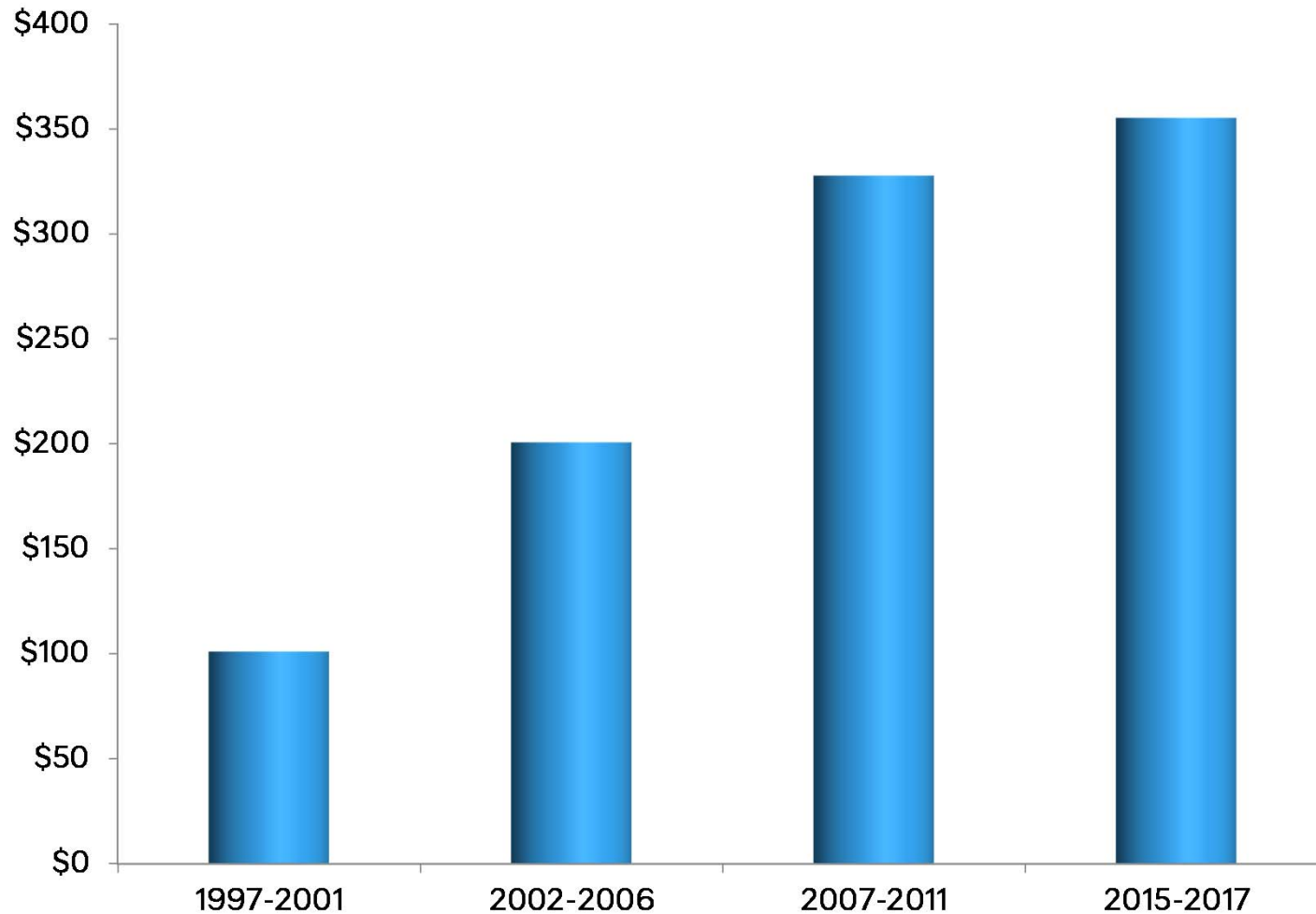


# Investing for the Future



# Average Annual Capital Investment

- Building for the Future (millions)

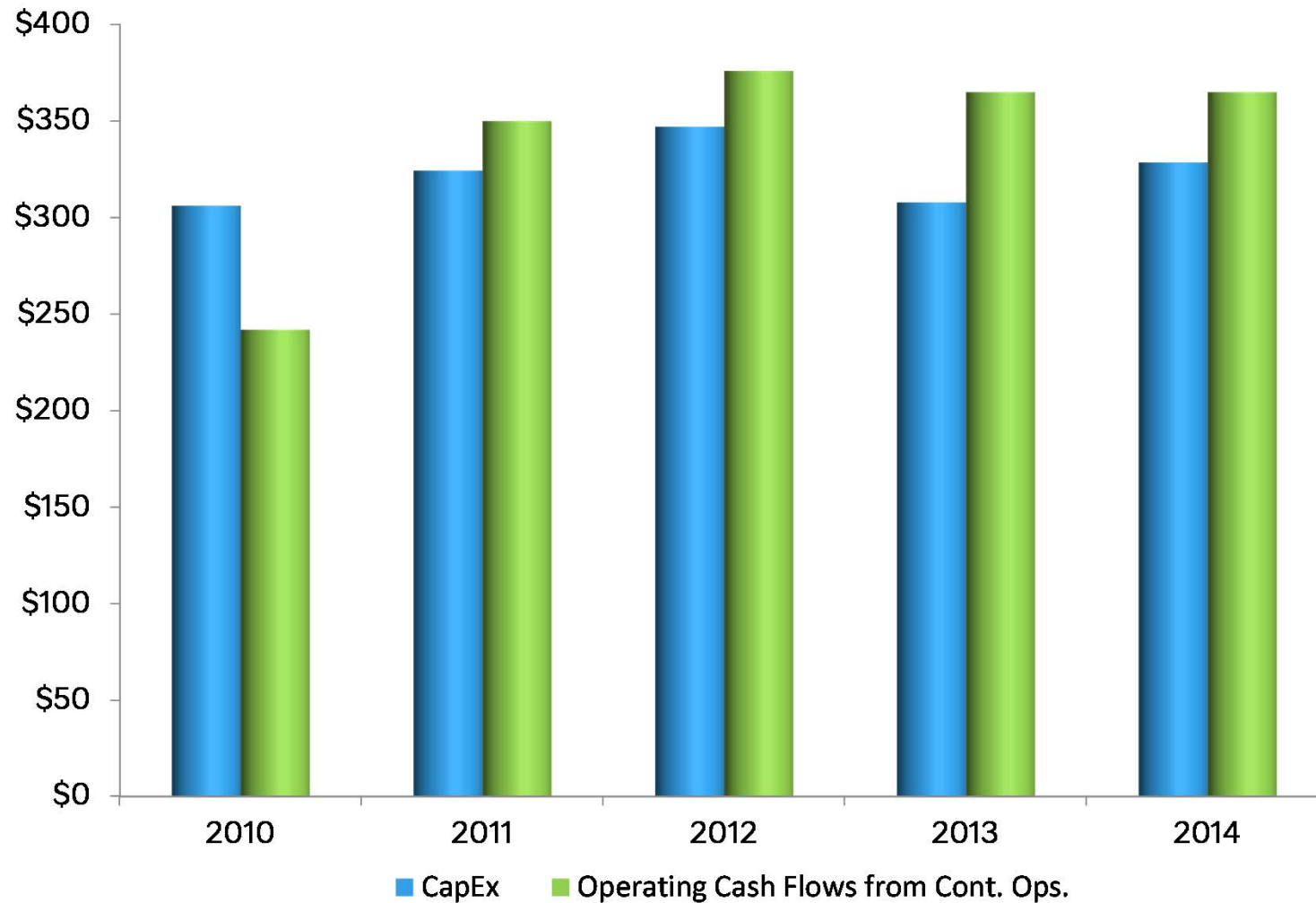


Source: 2014 Aqua Annual Reports and 5 year Plan

## \$1 Billion Planned for Next 3 Years

# Cash Generation and Capex

(millions)



Source: 2014 Aqua Annual Report

# Infrastructure Investments

## Over the last 10 years

- Replaced over 1,000 miles of main
- Invested nearly \$3 billion in capital company wide



# Storage Tanks

(Huber Ridge, Ohio)



# Still The Best Bargain

## *Efficient, Yet Profitable*

*For nearly 130 years, we've successfully employed engineering, technology and sophisticated business principles to grow Aqua America into one of the nation's most efficient utilities.*

<i>Product</i>	<i>Price per Gallon</i>
Starbucks Grande Latte	\$34.40
Bottled Water	\$1.22
Coca-Cola	\$3.30
Milk	\$3.46
<b>Aqua Tap Water</b>	<b>\$0.01</b>





# Non-Regulated Opportunities

# **Non-Regulated Opportunities**

**In 2014, Aqua Resources acquired two new businesses**

- Tri-State Grouting – repairing of sanitary sewer lines
- A backflow prevention business

## **O&M Operations**

## **Wastewater Services**

- Infrastructure
- Maintenance
- Hauling

# O&M Contracts

**Aqua Resources has contracts to operate and maintain wastewater treatment plants**

- Aqua Resources provides utility-type services to those entities
- These services include managing the treatment process, reporting, and coordinating needed repairs







# 2015 Goals

# 2015 Goals

**Capital investment (+\$325M in 2015 / \$1B in 3 years)**

**Accelerate acquisition strategy**

**CEO transition and organizational development**

**Drive efficiencies to maximize shareholder value**

# **Acquisitions and Growth**

**Closed five acquisitions thus far in 2015**

## **North Maine Utilities – Glenview, IL**

- Serves more than 44,000 people

**Expect to complete between 15-20 acquisitions in 2015**

# Financial Highlights

## Q1 2015

In thousands except per share	Q1 2015	Q1 2014
<b>Revenue</b>	\$190,326	\$182,672
<b>Net Income</b>	\$49,038	\$42,859
<b>EPS</b>	\$0.27	\$0.24



# Sustainability

**125 Year Record of Protecting the Environment**

# Expanding Demand Response Programs

- Expanded our award-winning electricity demand program by more than 30 percent in 2014.



# Emergency Generators





# Solar Fields





# CNG Technology Recognition



# Aqua's Greatest Strength is our Dedicated Work Force





## Q&A Session

**If you wish to address the meeting, please go to the nearest microphone station.**

**Upon being recognized by the chairman, please state your name clearly, your status as a shareholder or proxy holder and present your question or comment.**





# NYSE: WTR

For more information contact:  
Brian Dingerdissen  
Director, Investor Relations  
610.645.1191  
[bjdingerdissen@aquaamerica.com](mailto:bjdingerdissen@aquaamerica.com)