

# 2016 Annual Meeting

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AQUA<sup>SM</sup>

NYSE: WTR



May 6, 2016

# Forward Looking Statement

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

# The Leadership Transition



# Rick Fox

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**Executive Vice President &  
Chief Operating Officer,  
Regulated Operations**

**Years of Service: 14**

**Years in Field: 33**

**Education:**

- Virginia Polytechnic Institute and State University (BS)
- Villanova University (MBA)



# Karen Heisler

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**Senior Vice President &  
Chief Human Resources Officer**

**Years of Service: 1**

**Years in Field: 34**

**Education:**

- Temple University (BS)
- LaSalle University (MS)

# Christopher Luning

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**Senior Vice President,  
General Counsel & Secretary**

**Years of Service: 14**

**Years in Field: 23**

**Education:**

- Albright College (BS)
- Villanova University (JD)

# William Ross

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**Senior Vice President,  
Engineering and Environmental  
Affairs**

**Years of Service: 18**

**Years in Field: 40+**

**Education:**

**- University of Delaware (BS)**

# Robert Rubin

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**Senior Vice President,  
Chief Accounting Officer  
and Controller**

**Years of Service: 27**

**Years in Field: 32**

**Education:**

- Penn State University (BS)
- CPA

# Dan Schuller

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**Executive Vice President,  
Strategy and Corporate  
Development**

**Years of Service: 1**

**Years in Field: 23**

**Education:**

**- Purdue University  
(BS, MS and Ph.D.)**

# Dave Smeltzer

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**Executive Vice President &  
Chief Financial Officer**

**Years of Service: 30**

**Years in Field: 36**

**Education:**

- LaSalle University (BS)
- CPA

# Colleen Arnold

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**Vice President,  
Deputy Chief Operating Officer**

**Years of Service: 6**

**Years in Field: 23**

**Education:**

- **University of Massachusetts (BS)**
- **Manhattan College (MS)**

# Tom Cox

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**Vice President, Customer Services**

**Years of Service: 2**

**Years in Field: 25**

**Education:**

- State University of New York (BA)
- Arcadia University (MBA)

# Brian Dingerdissen

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**Vice President, Chief of Staff  
and Investor Relations**

**Years of Service: 11**

**Years in Field: 11**

**Education:**

**- Villanova University  
(BS and MBA)**

# Kimberly Joyce

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**Director, Legislative and Public Affairs and Regulatory Counsel**

**Years of Service: 10**

**Years in Field: 15**

**Education:**

- Villanova University (BS and MBA)

- University of Pittsburgh (JD)

# Susan Haindl

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**Senior Vice President &  
Chief Administrative Officer**

**Years of Service: 1**

**Years in Field: 28**

**Education:**

- **University of Pennsylvania  
Wharton School of Business  
(BS)**
- **St. Joseph's University  
(MBA)**



# Whitney Kellett

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**Vice President &  
Chief Information Officer**

**Years of Service: 1**

**Years in Field: 23**

**Education:**

**- University of Virginia (BS)**

# Stan Szczygiel

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**Vice President, Finance**

**Years of Service: 10**

**Years in Field: 40**

**Education:**

- Arizona State University (BS)
- CPA



# 2016 Marked Aqua's 130<sup>th</sup> Anniversary

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# January 14, 2016 Bell Ringing



# Mission: Protecting and Providing Earth's Most Essential Resource

## Sustainability

### Customers

- Compliance
- Near 100% Reliability
- Responsible Rate Increases
- Trusted Partner
- Top of Class Customer Service

### Communities

- Regulatory Innovation
- Civic Involvement
- Steward of Environment
- Rebuild Infrastructure
- Promote Economic Growth

### Employees

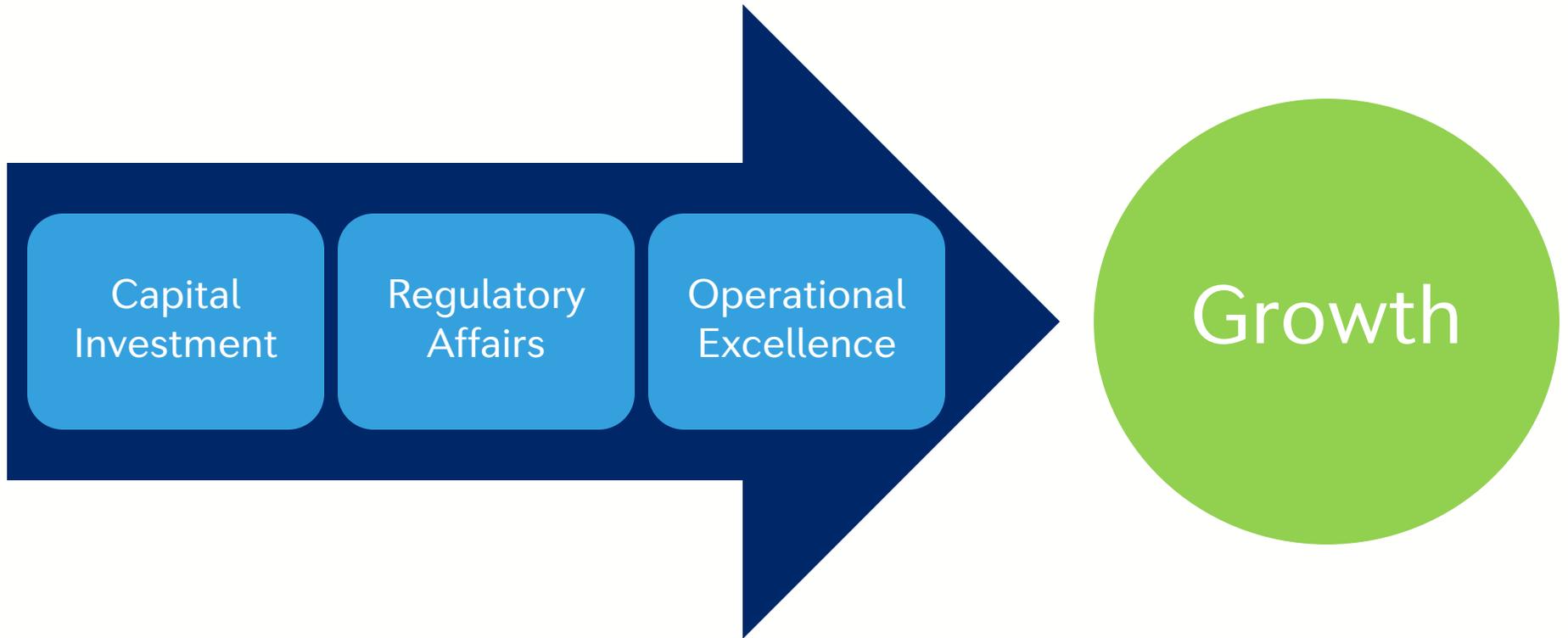
- Concern for Work Life Balance
- Ensure a Safe Working Environment
- Demonstrate Fair Pay / Benefits
- Growth and Development Opportunities
- Utilize Technology to Improve Efficiency
- Labor/ Mgmt Partnership

### Shareholders

- Above Industry Average Long-term Growth
- Stable (Utility) Risk Profile
- Above Average Dividend Growth
- Buyback Opportunities

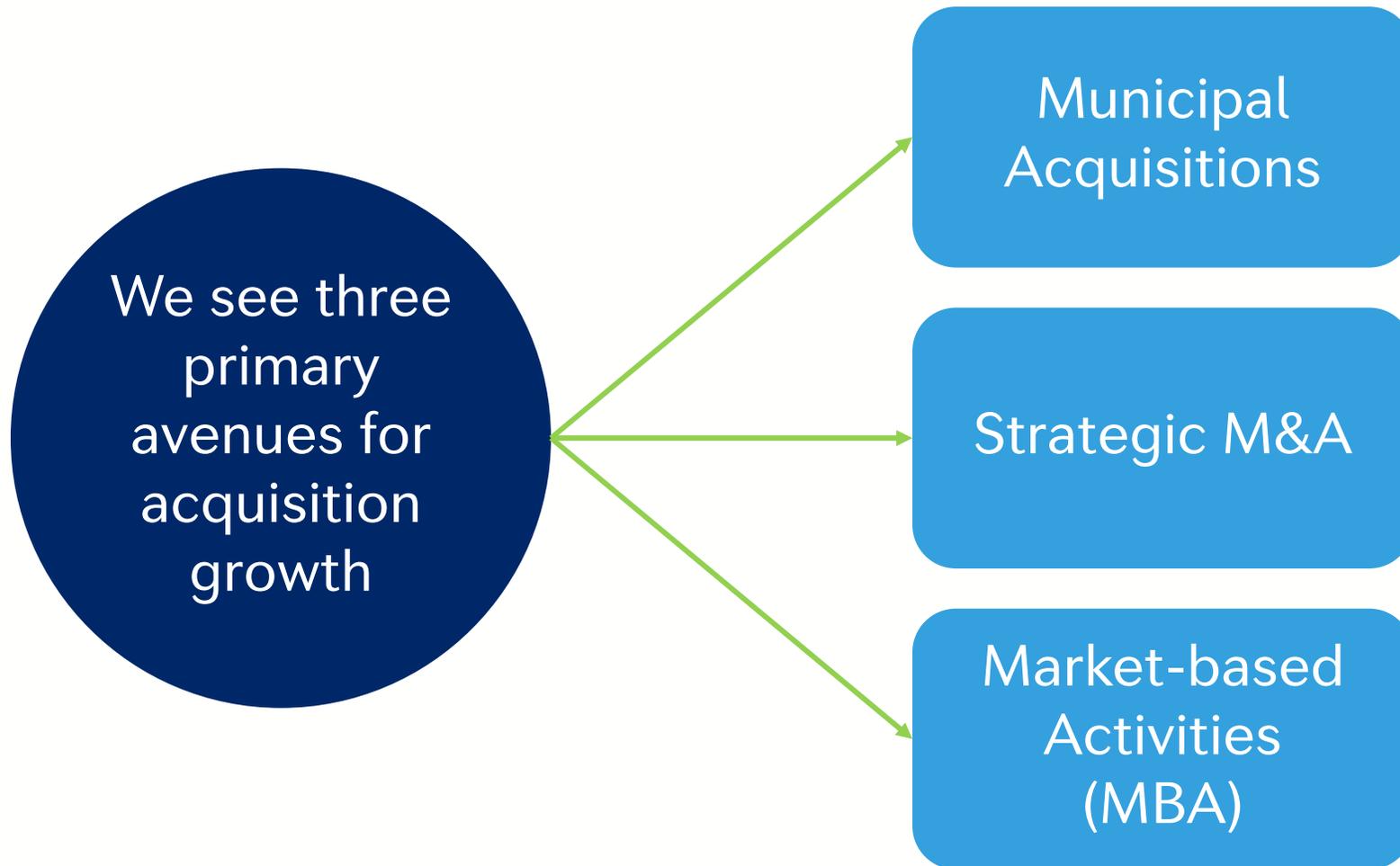
# Capitalizing on Our Competencies

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# Avenues for Acquisition Growth

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# U.S. Regulated Water and Wastewater Industry Overview



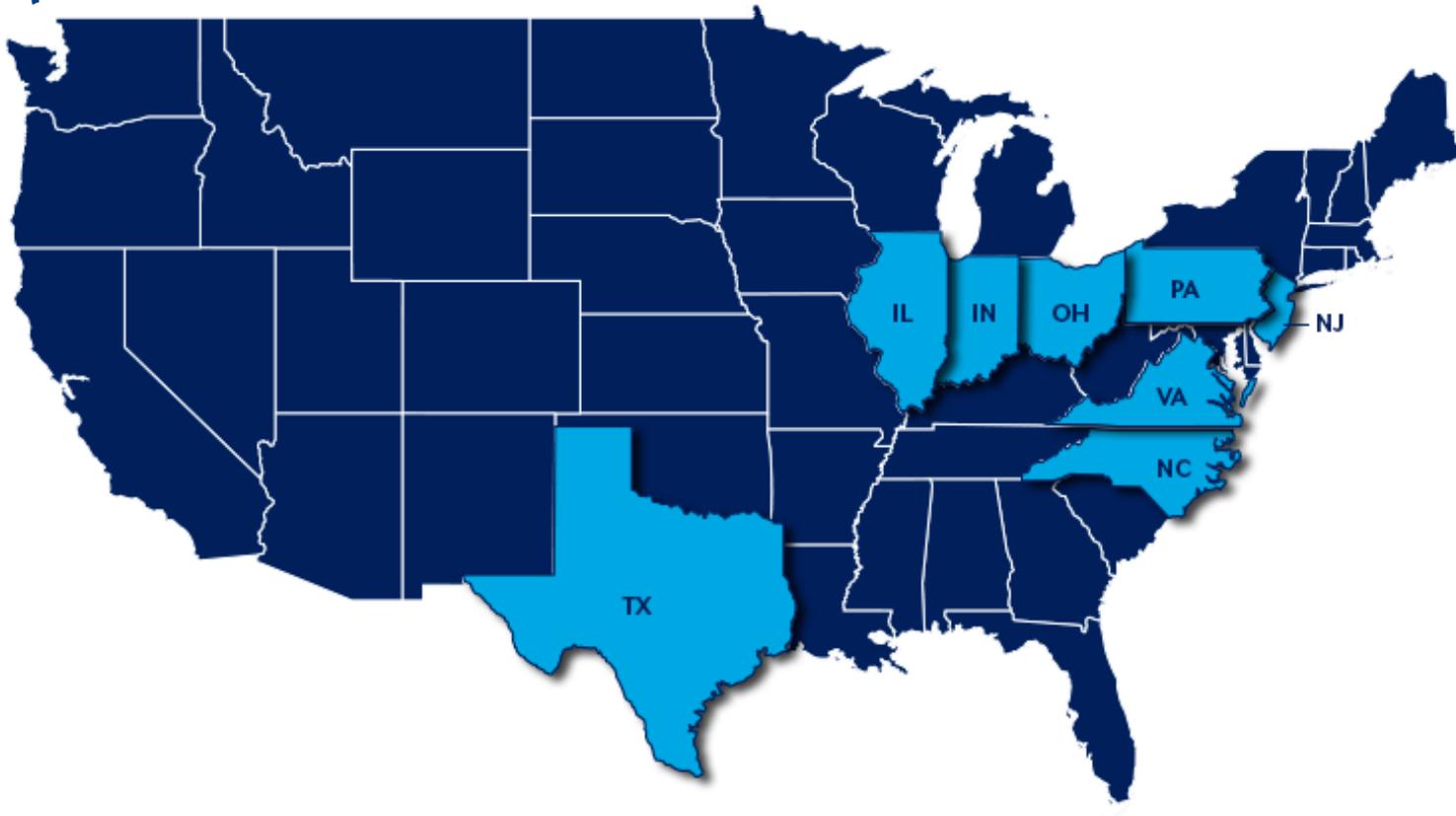
## Water

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



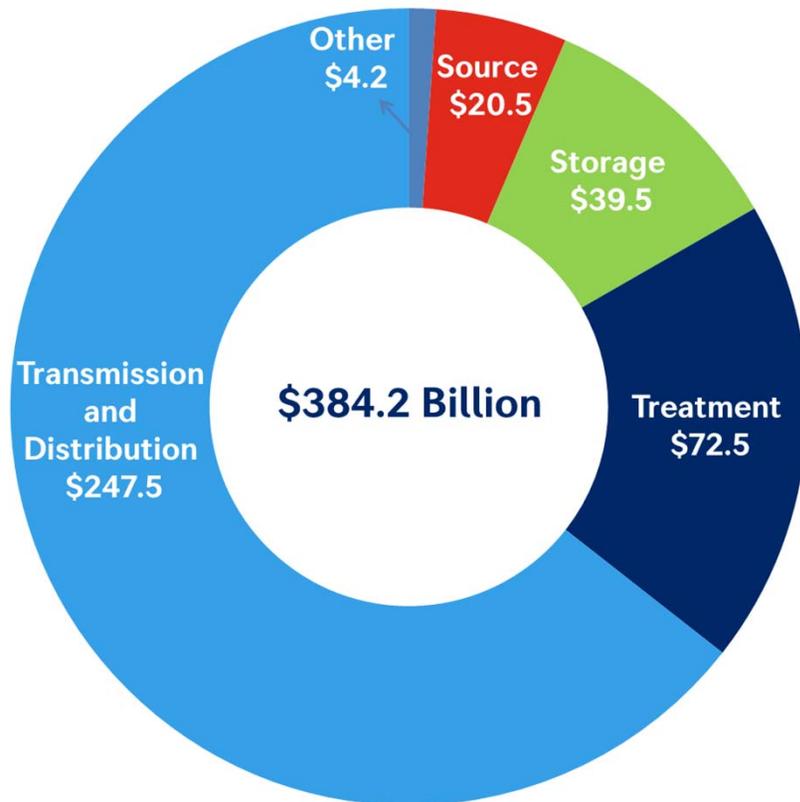
## Wastewater

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



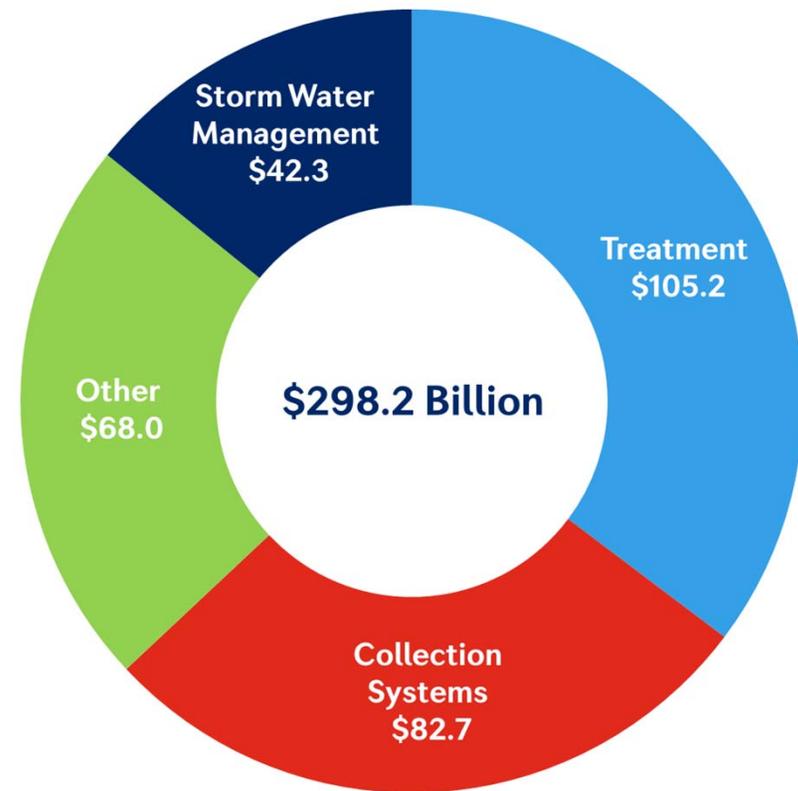
# Estimate of the National Need for Infrastructure Investment

## Water



Source: 2013 EPA Needs Survey

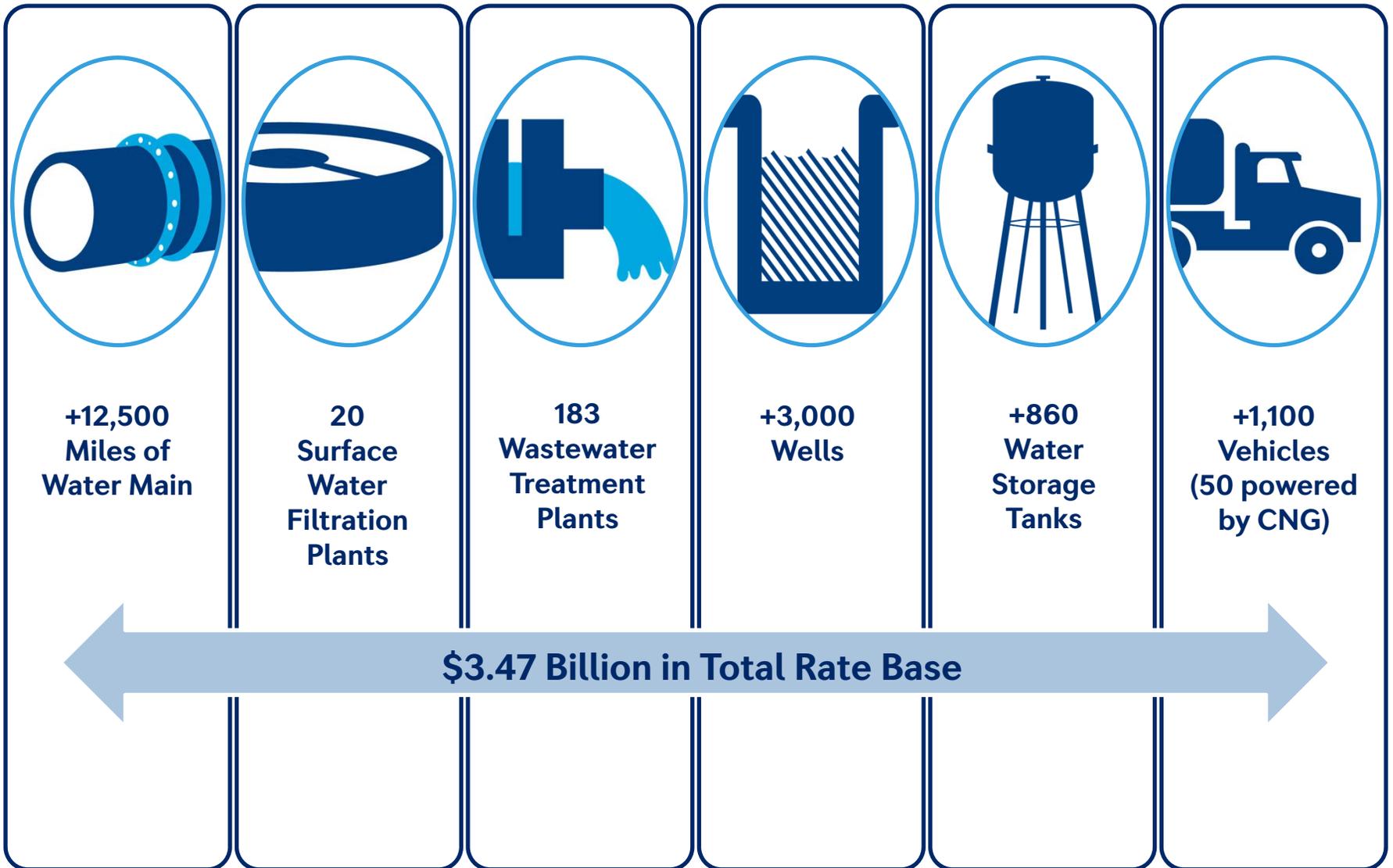
## Wastewater



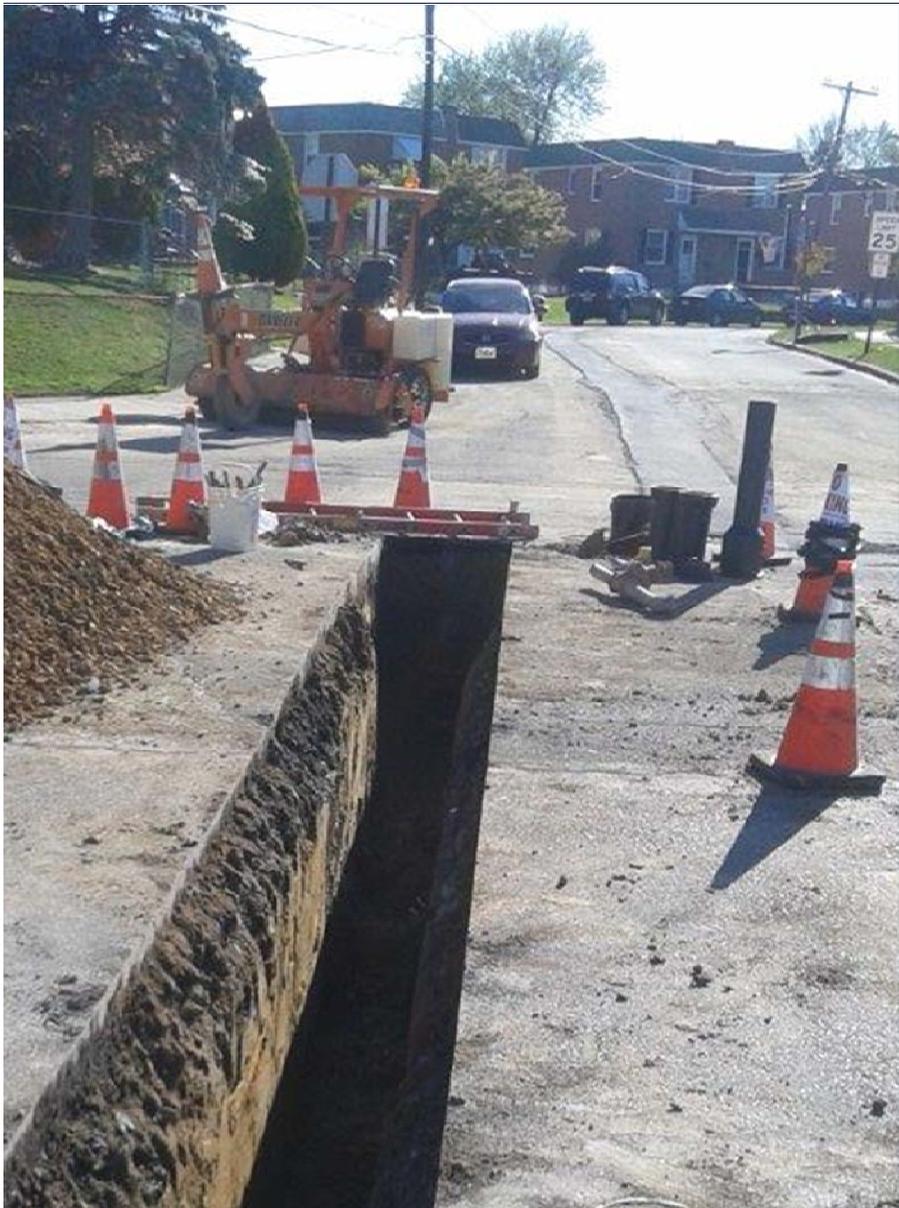
Source: 2013 ASCE Infrastructure Report Card

American Society of Civil Engineers Grade for Drinking Water and Wastewater Infrastructure = D

# Infrastructure Footprint



# Investing in Water Quality



Replacing and rehabilitating the service lines that serve our customers.

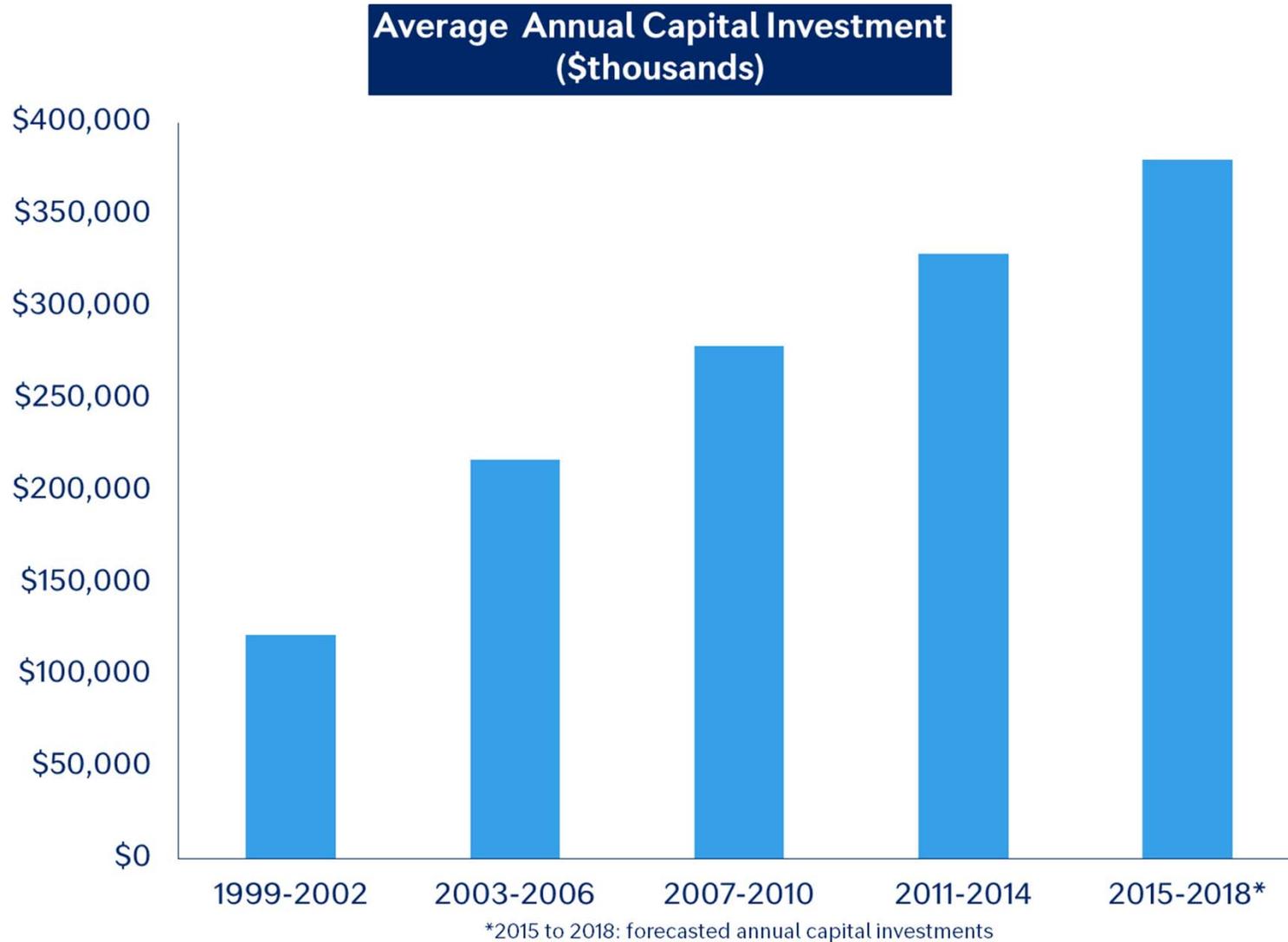


# Investing in Our Communities



# Building for the Future

## Regulated Operations



**+\$1.1 Billion Planned for Next 3 Years**

# 2015 Highlights

## Customer Growth

- 4 municipal, 12 private acquisitions
- 17,747 additional connections
- 1.9% customer growth

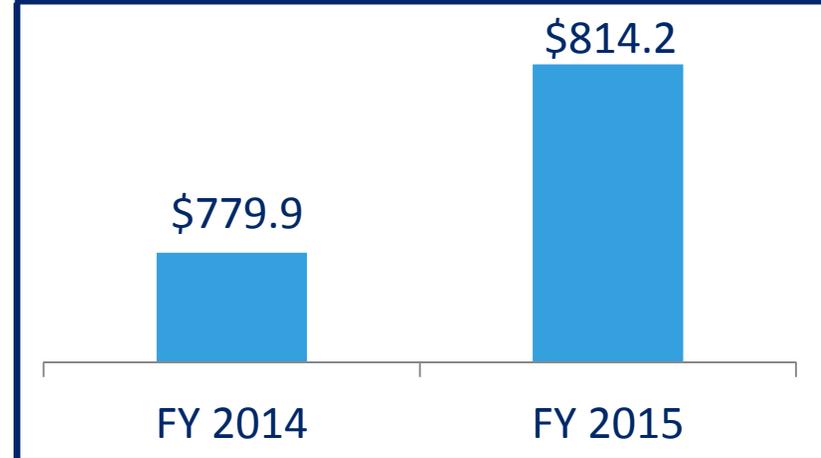
## Annualized Dividend Rate of \$0.712

- 71<sup>st</sup> year of paying a consecutive quarterly dividend
- 25<sup>th</sup> dividend increase in 24 years

## Credit Rating

- A+ rating from Standard & Poor's for Aqua Pennsylvania, the company's largest subsidiary

## Operating Revenue (\$millions)

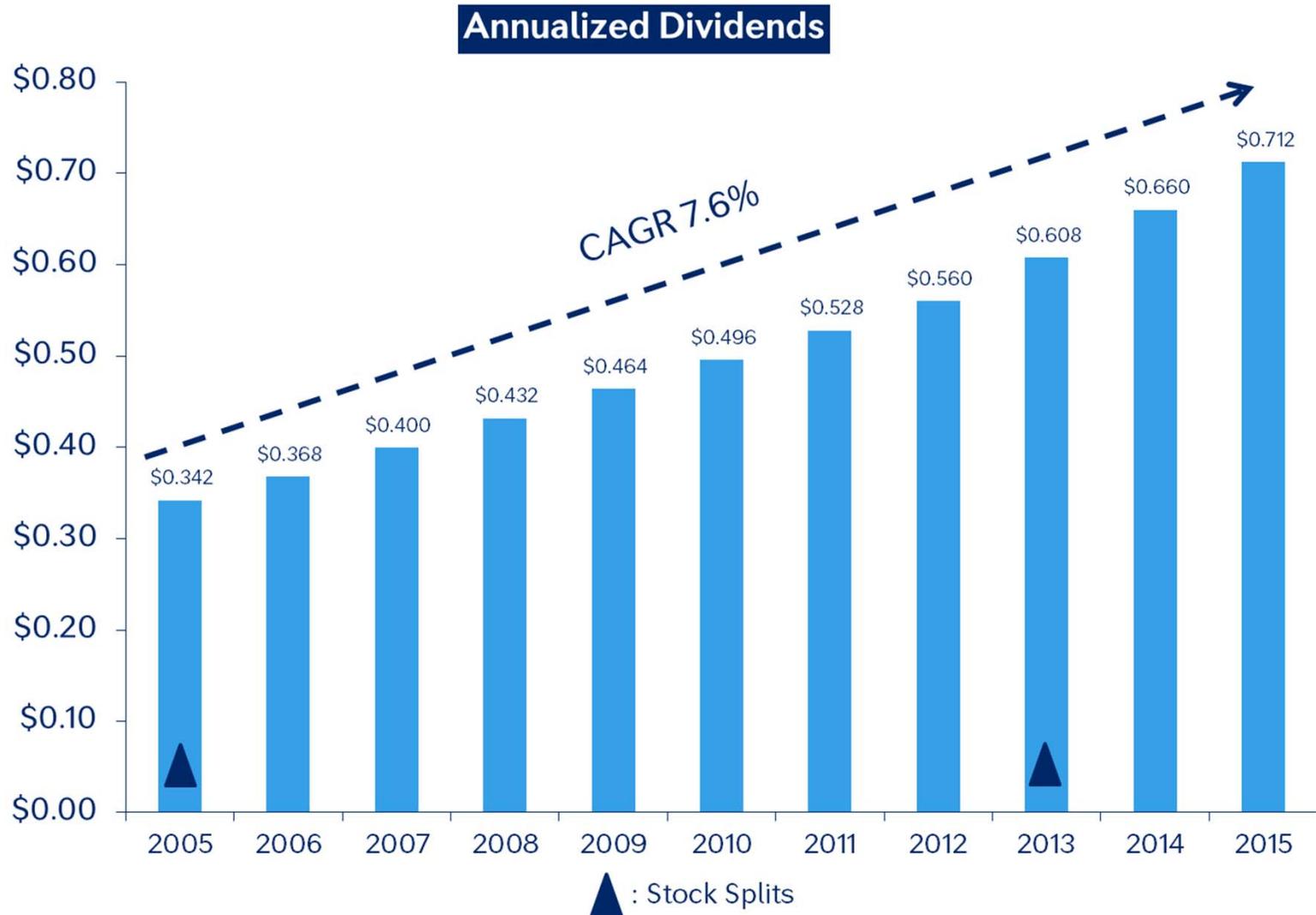


## Adjusted Income from Continuing Operations per Share (Non-GAAP)



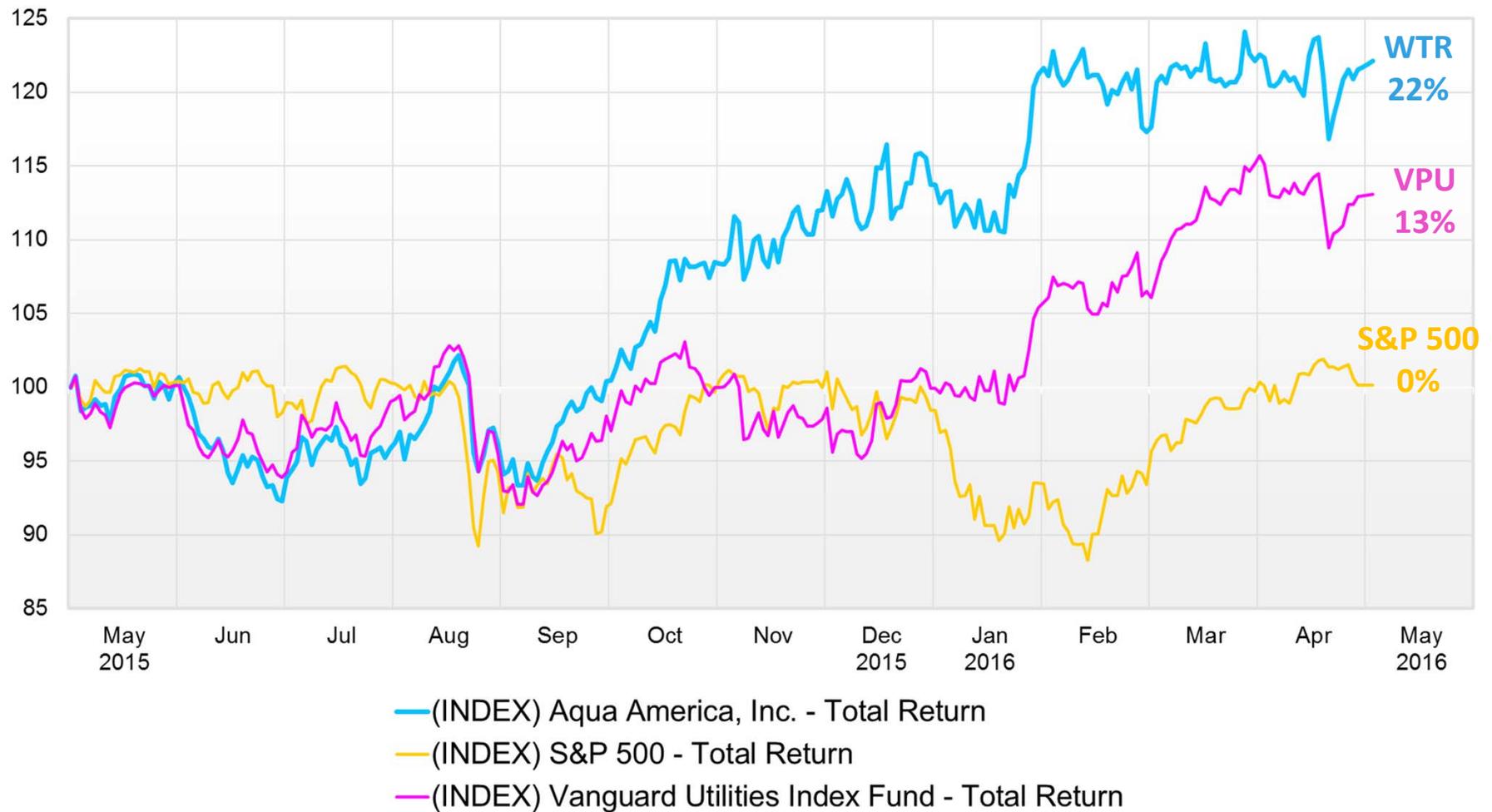
# Dividend History

7.9% increase to annualized dividend rate of \$0.712 effective 9/1/2015



Source: Aqua Annual Reports

# 1 Year Total Shareholder Return



Source: FactSet

# 2016 Guidance

## Earnings

- Full-year earnings per share between \$1.30 – \$1.35

## Customer Growth

- 1.5 – 2.0% 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

# Thank You For Attending

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

# Questions



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