

Earnings Call

AQUASM

NYSE: WTR



Second Quarter 2016

August 3, 2016

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, 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

Today's Presenters



Christopher Franklin

President &
Chief Executive Officer



Dave Smeltzer

Executive Vice President &
Chief Financial Officer



Brian Dingerdissen

Vice President, Chief of Staff &
Investor Relations

Introduction

Christopher Franklin

President and Chief Executive Officer



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Today's Agenda



- Corporate Update



- Quarter Highlights



- Summary of Financial Results



- 2016 Guidance

Corporate Update and Organizational Changes

Stan Szczygiel

Vice President, Finance and
Treasurer

Christopher Crockett

Chief Environmental
Officer

Shannon Becker

President, Aqua North
Carolina

John Hildabrant

President, Aqua New Jersey

2016 Second Quarter Highlights

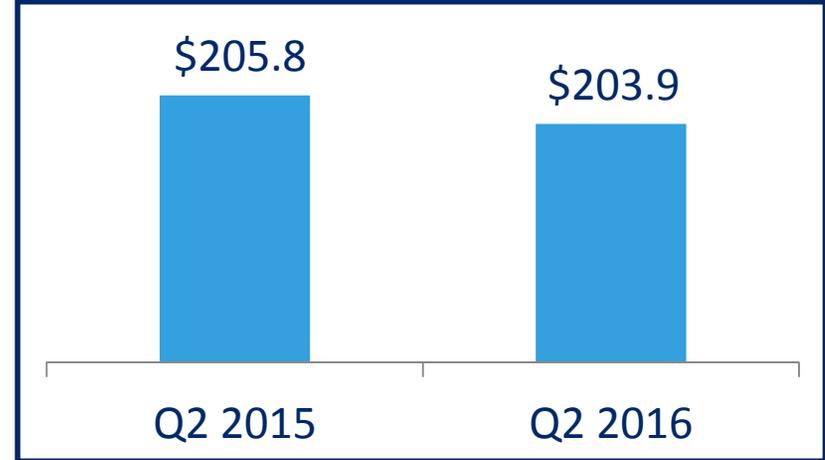
Year-to-date Customer Growth

- 5,396 additional connections from acquisitions
- 0.6% customer growth from acquisitions

Quarterly Cash Dividend of \$0.1913

- Increased dividend by 7.5 percent
- 26th dividend increase in 25 years
- 71st year of paying a consecutive quarterly dividend

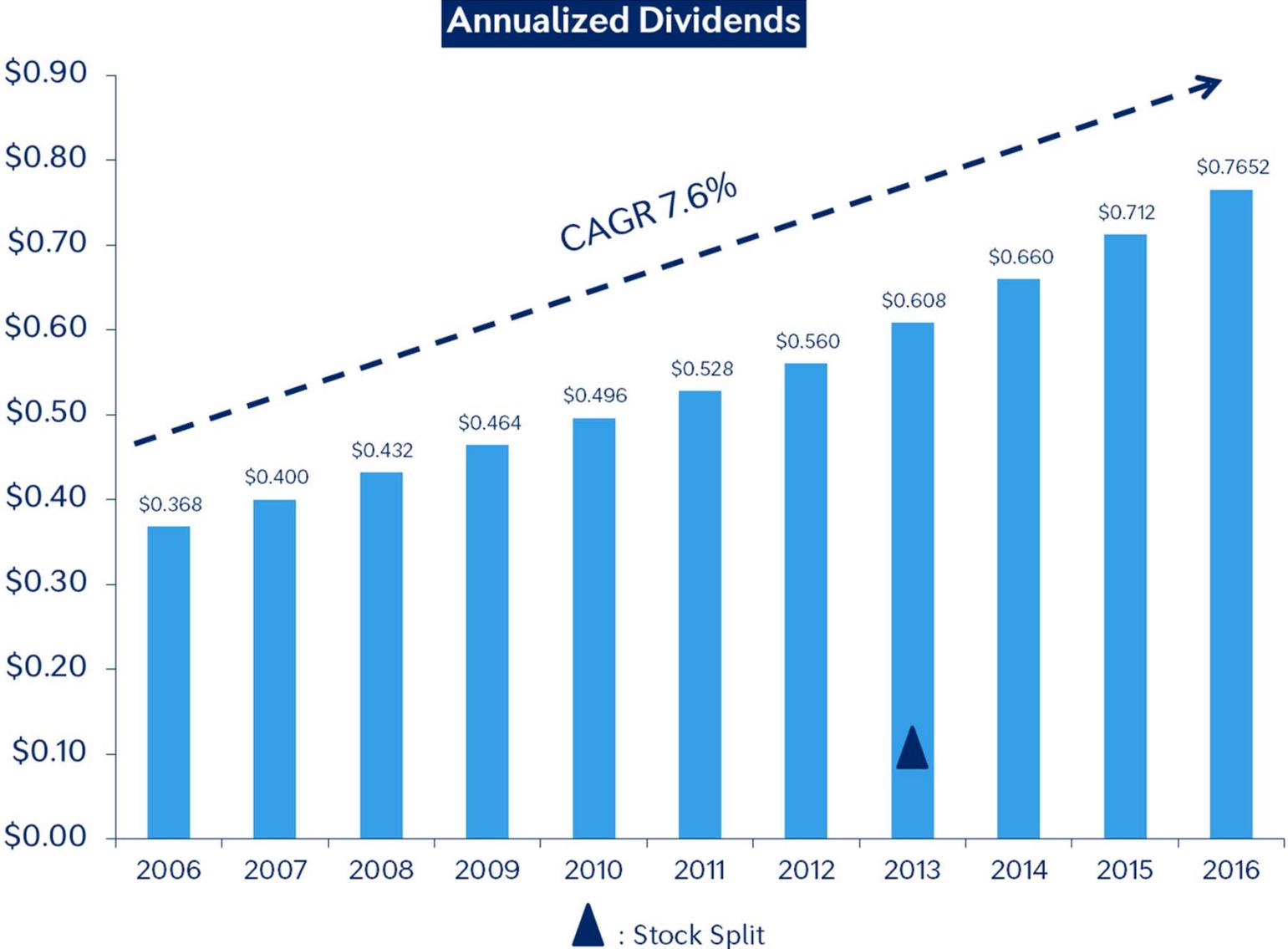
Operating Revenue (\$millions)



Net Income per Common Share



Dividend History



2016 Acquisitions

as-of August 2, 2016

System	Date Closed	Water Customers	Wastewater Customers	Total Customers
Superior, PA	1/01/2016	4,108	-	4,108
Eastwood Manor, IL	2/23/2016	321	-	321
Crystal Clear, IL	4/19/2016	293	-	293
Nunda, IL	2/23/2016	166	-	166
Byram, NJ	6/06/2016	152	-	152
Greenwood Gardens, IL	3/29/2016	72	72	144
Galena WW System, IN	1/29/2016	-	120	120
Clear Meadow, NC	3/14/2016	62	-	62
Twin Cedars, VA	4/07/2016	30	-	30
Total		5,204	192	5,396

Summary of Financial Results

Dave Smeltzer

Executive Vice President and Chief Financial Officer



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2016 Second Quarter Financial Results

In millions except per share	Q2 2015		Q2 2016	Variance
Revenue	\$205.8	▼	\$203.9	(0.9%)
Operations and Maintenance Expense	\$79.7	▼	\$74.0	(7.2%)
Net Income	\$57.4	▲	\$59.6	3.9%
Net Income per Common Share	\$0.32	▲	\$0.33	3.1%

- Favorable Change
- Unfavorable Change

2016 Year-to-Date Financial Results

as-of June 30, 2016

In millions except per share	YTD 2015		YTD 2016	Variance
Revenue	\$396.1	▲	\$396.5	0.1%
Operations and Maintenance Expense	\$152.9	▼	\$147.5	(3.5%)
Net Income	\$105.9	▲	\$111.4	5.1%
Net Income per Common Share	\$0.60	▲	\$0.63	5.0%



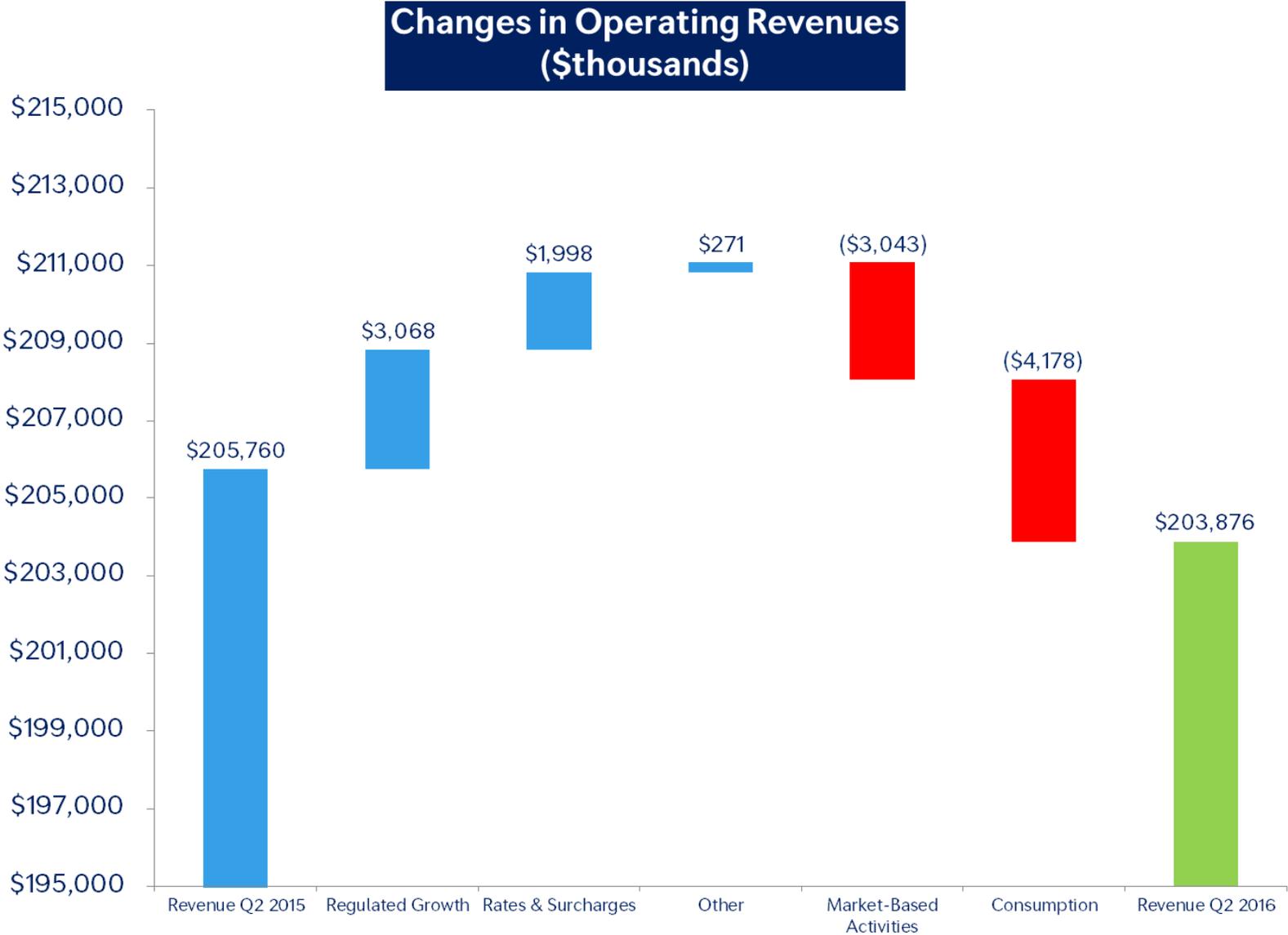
Favorable Change



Unfavorable Change

Operating Revenues

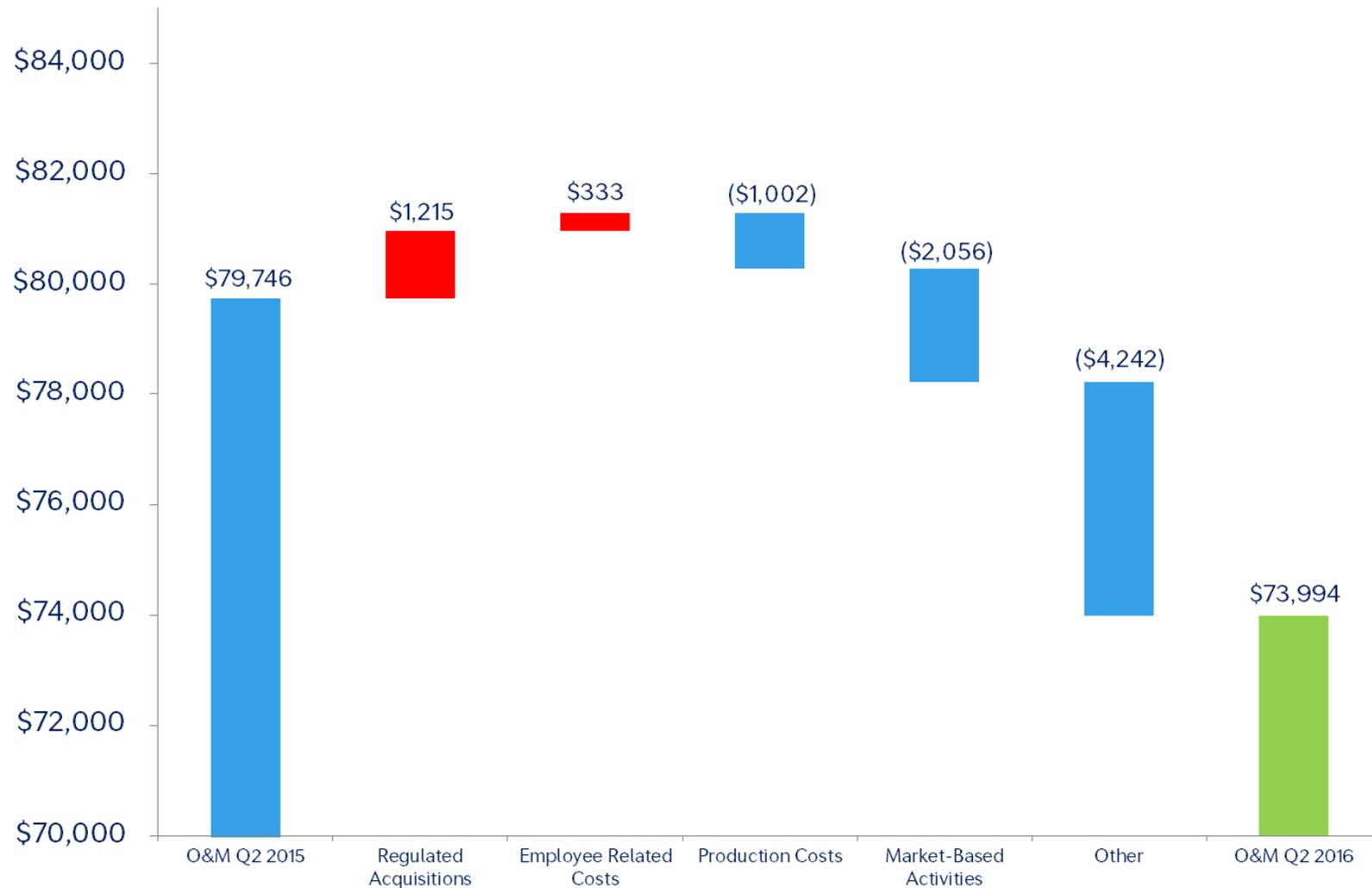
Q2 2016 vs. Q2 2015



Operations & Maintenance Expenses

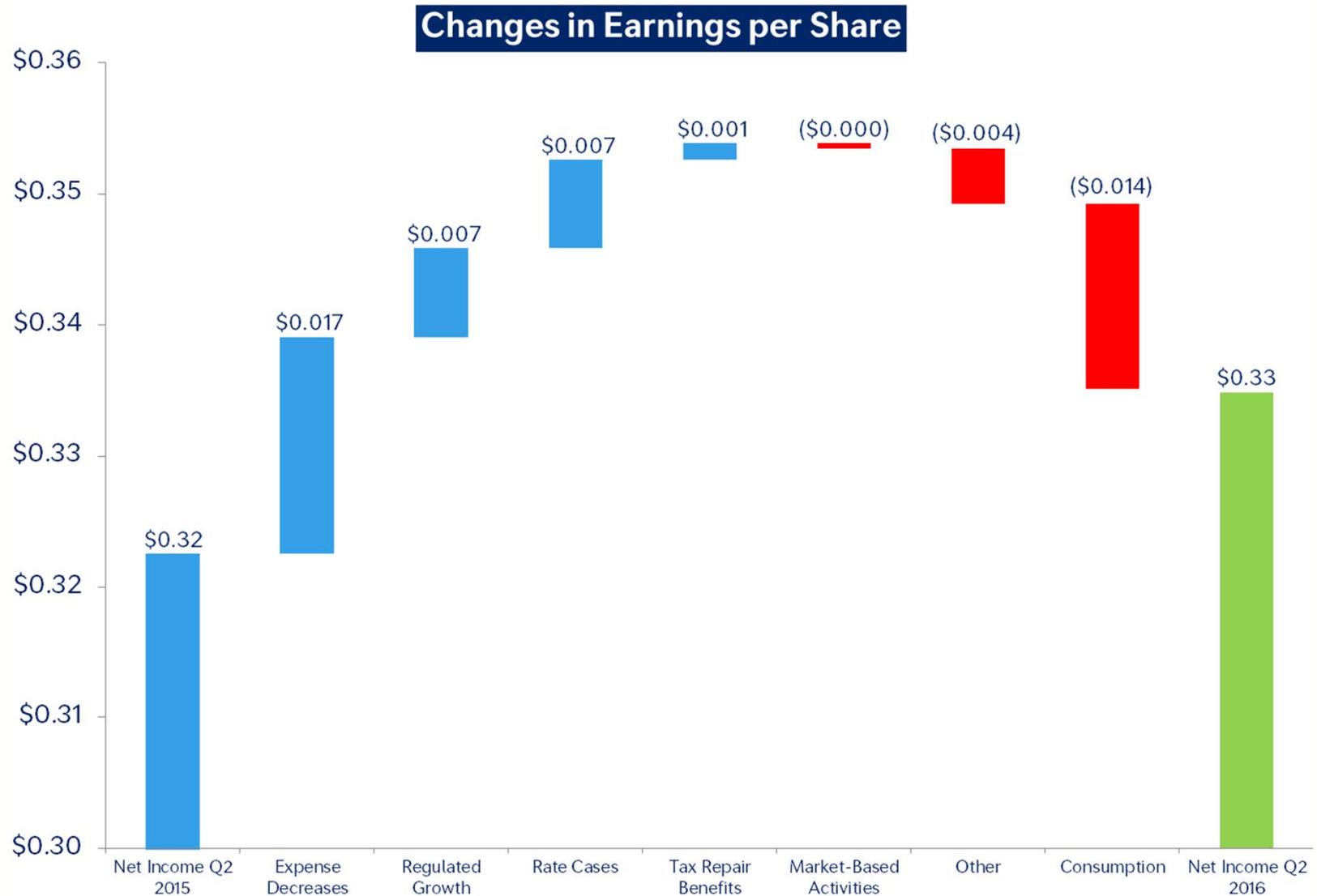
Q2 2016 vs. Q2 2015

Changes in Operations and Maintenance Expenses (\$thousands)



Earnings per Common Share

Q2 2016 vs. Q2 2015



Rate Activity

2016 Completed Rate Cases and Infrastructure Surcharges

- Base rate cases or infrastructure surcharges completed in IL, NC, OH, TX and VA
- \$5 million in additional annualized revenue

2016 Pending Rate Cases

- Base rate cases in NJ, IN and OH with requested annualized revenue increase of \$10.5 million

*Additional rate activity information provided in Appendix

2016 Guidance

Christopher Franklin

President and Chief Executive Officer



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2016 Guidance

Earnings

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

Customer Growth

- 1.5 – 2% 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

Q&A Session



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Thank You for Attending Aqua America's 2016 Second Quarter Earnings Call

2016 Third Quarter Earnings
Conference Call and Webcast
Wednesday, November 2, 2016 11:00am

For more information contact:
Brian Dingerdissen
Vice President, Chief of Staff and Investor Relations
610.645.1191

Appendix

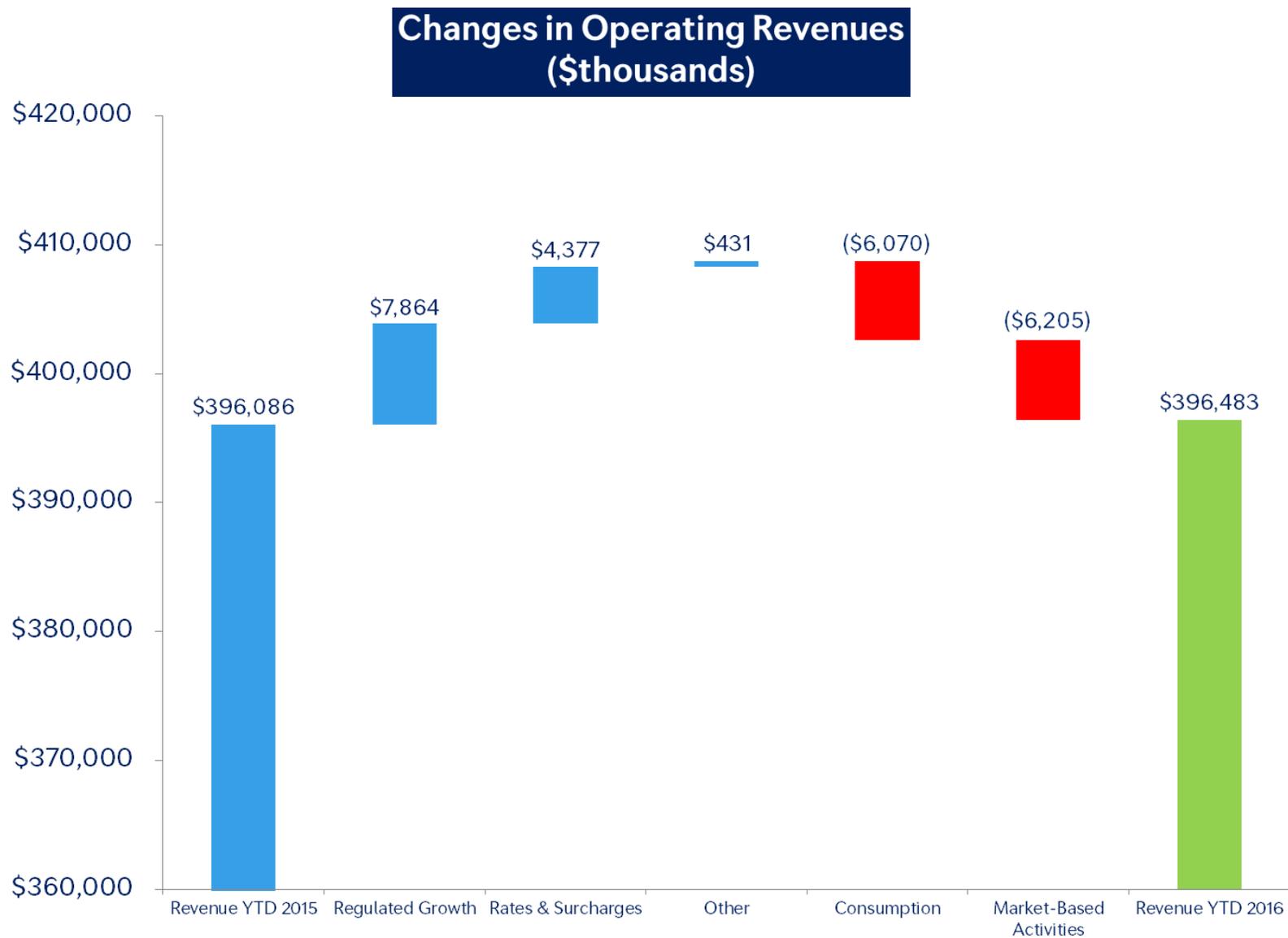


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Operating Revenues

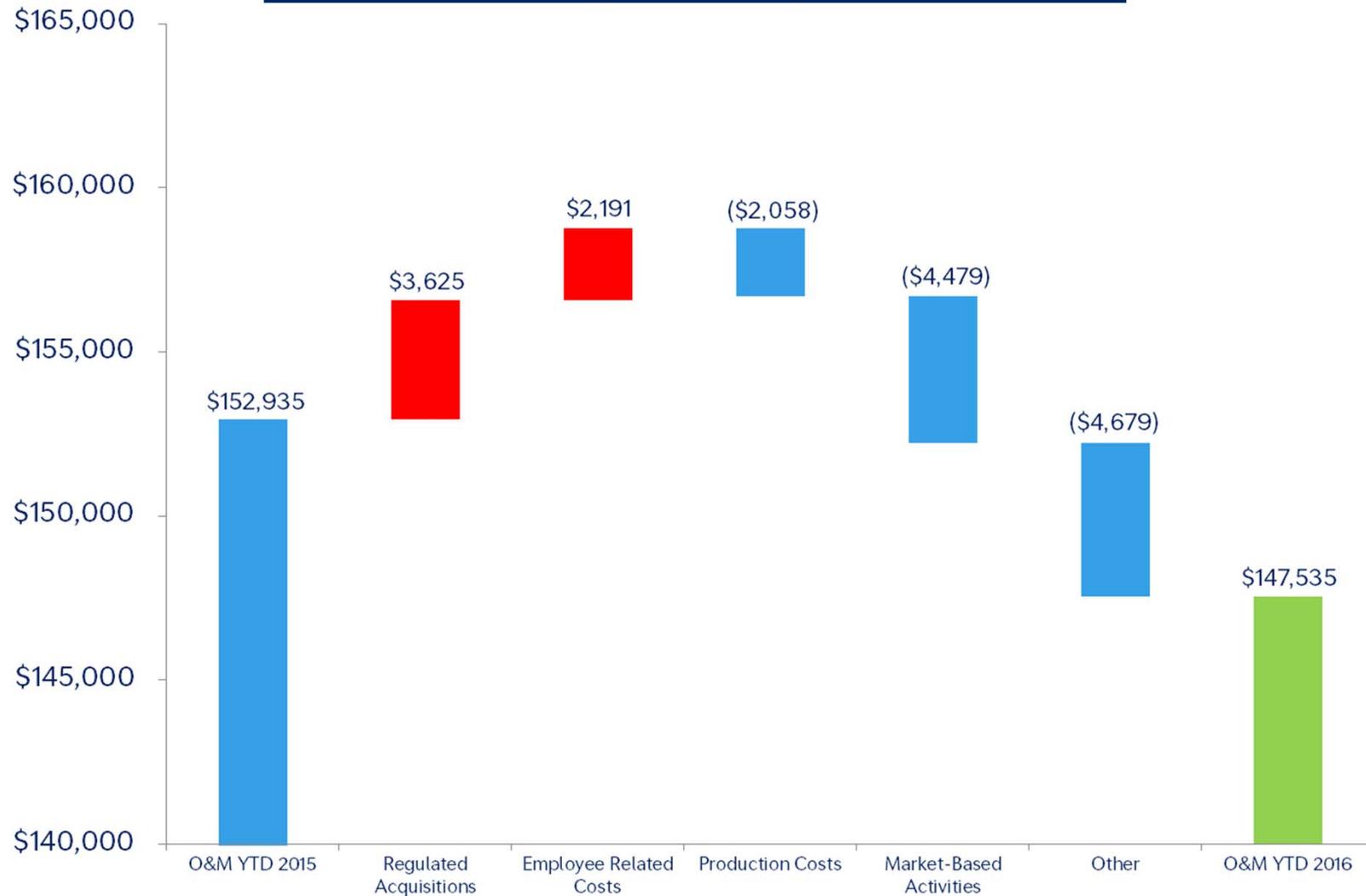
YTD June 30, 2016 vs. YTD June 30, 2015



Operations & Maintenance Expenses

YTD June 30, 2016 vs. YTD June 30, 2015

Changes in Operations and Maintenance Expenses (\$thousands)



Earnings per Common Share

YTD June 30, 2016 vs. YTD June 30, 2015

Changes in Earnings per Share



Rates and Infrastructure Surcharges Completed

as-of August 2, 2016

Rates or Surcharges Received in 2016			
State	Docket Number	Type	Awarded Annualized Revenue Increase (\$thousands)
Illinois	N/A	Surcharge (w)	\$765
North Carolina	W-215-Sub-363A	Surcharges (w/ww)	1,045
Ohio	Ordinance # 22-2013	Rate Case (w)	777
	Ordinance # 14-041	Rate Case (w)	598
Texas	2012-1058-UCR	Rate Case (w)	225
Virginia ¹	PUE-2014-00045	Rate Case (w/ww)	1,490
	N/A	Rate Case (w/ww)	144
		Total	\$5,044

1. Including \$1.1 million of revenues recognized under interim rates during 2015

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

Rates Pending

as-of August 2, 2016

Rates Pending in 2016			
State	Docket Number	Type	Requested Annualized Revenue Increase (\$thousands)
New Jersey	WR16010089	Rate Case (w)	\$2,536
Indiana	44752	Rate Case (ww)	2,372
Ohio	16-0907-WW-AIR	Rate Case (w)	5,604
		Total	\$10,512

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

State by State Comparison

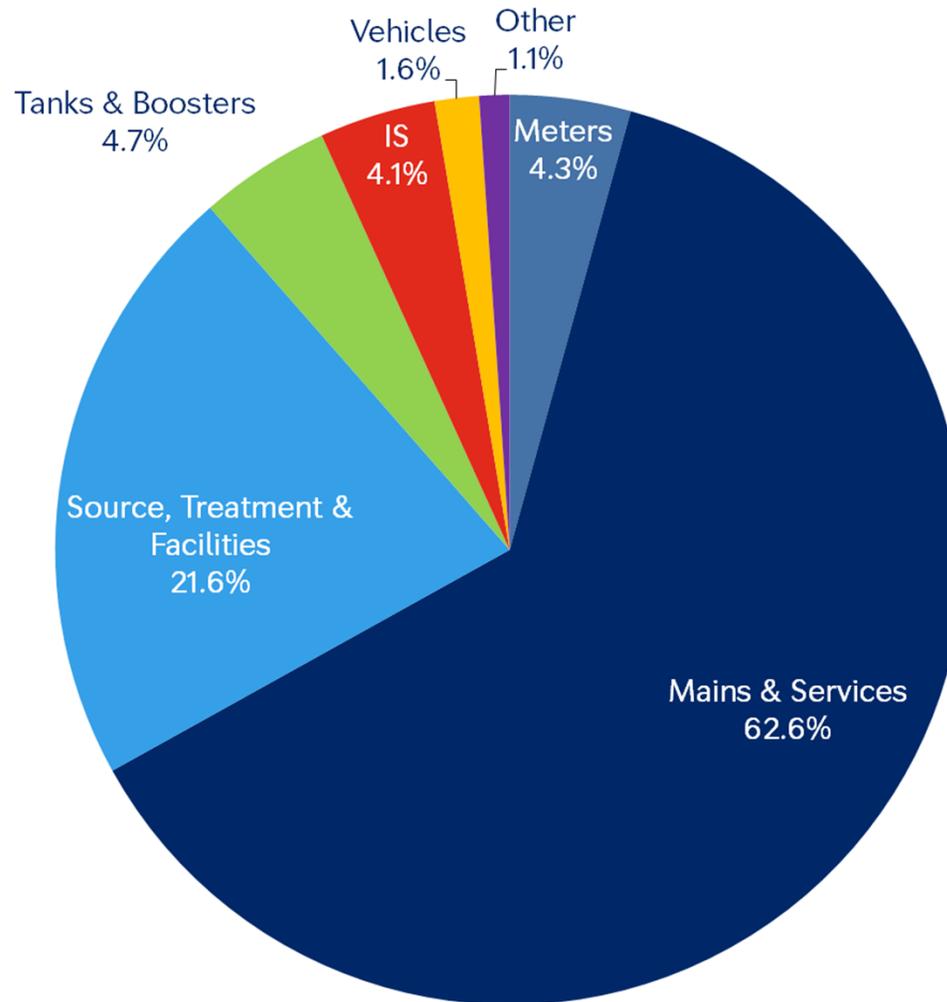
as-of Dec. 31, 2015

State	Rate Base (\$millions)	Water Connections	Wastewater Connections
PA	\$2,411	427,309	19,784
OH	256	143,598	6,654
IL	213	62,591	9,634
TX	193	60,473	15,809
NJ	134	52,072	5,994
NC	124	78,133	17,248
IN	73	881	24,821
VA	65	25,271	7,594
Total	\$3,470	850,328	107,538

Capital Investment Spending

Regulated Operations

2016 to 2018 Capital Investment Breakdown



3 Year Total = +\$1.1 Billion