

Aqua America Announces Peoples Acquisition

The combination of Aqua America and Peoples creates a unique, regulated water and natural gas utility, increasing rate base by nearly 50% to \$7.2 billion in 2019 and serving approximately 1.74 million customer connections or 5 million people.

AQUA

HQ – Bryn Mawr, PA • Founded in 1886

PEOPLES

HQ – Pittsburgh, PA • Founded in 1885

1,000,000+
CUSTOMER CONNECTIONS



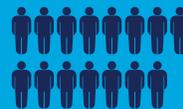
700,000+
CUSTOMER CONNECTIONS

\$5 BILLION
RATE BASE (2019E)



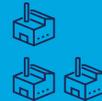
\$2 BILLION
RATE BASE (2019E)

1,600
EMPLOYEES



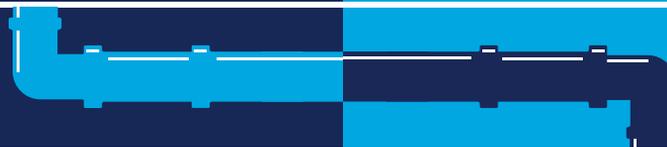
1,500
EMPLOYEES

\$500 MILLION
CAPEX: APPROXIMATE 2018 ESTIMATE



\$280 MILLION
CAPEX: APPROXIMATE 2018 ESTIMATE

150+ MILES
OF PIPE REPLACED PER YEAR



150 MILES
OF PIPE REPLACED PER YEAR

Acquisition Highlights

- Accretive to earnings in the first full year, and over the long term, while maintaining strong investment-grade credit ratings
- Combined company will have 7 percent rate base growth in water and 8-10 percent rate base growth in natural gas
- Further leverages Aqua's regulatory expertise in Pennsylvania, one of the most constructive regulatory jurisdictions
- Creates multiplatform regulated utility with substantial opportunities for organic growth, acquisitions and infrastructure investment
- Structured to maintain strong momentum in municipal water and wastewater acquisition strategy
- Closing expected in mid-2019 after regulatory approvals

Strong Focus on Environmental, Social and Governance (ESG) Principles

Aqua and Peoples are both committed stewards of the planet's resources and the communities they serve. Aqua is a leader in the key environmental theme of preventing water scarcity and contamination. Peoples provides locally sourced, low-cost energy that has substantially lower emissions than oil, coal and propane.

Both companies have a mission of making the lives of their customers better through improving infrastructure and quality of life in their communities.

AQUA
NYSE: WTR

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Creating a Leading, Fully Regulated Water and Natural Gas Infrastructure Company

Aqua Growth Strategy

Aqua has a three-pronged growth strategy focusing on acquiring municipal water and wastewater systems, pursuing strategic utility M&A and seeking complementary market-based businesses. In 2018 the company's municipal growth strategy has accelerated significantly, largely due to the passage of Fair Market Value legislation in several of its states. Aqua has added more than 33,000 new customers from 10 closed or signed municipal acquisitions in 2018.

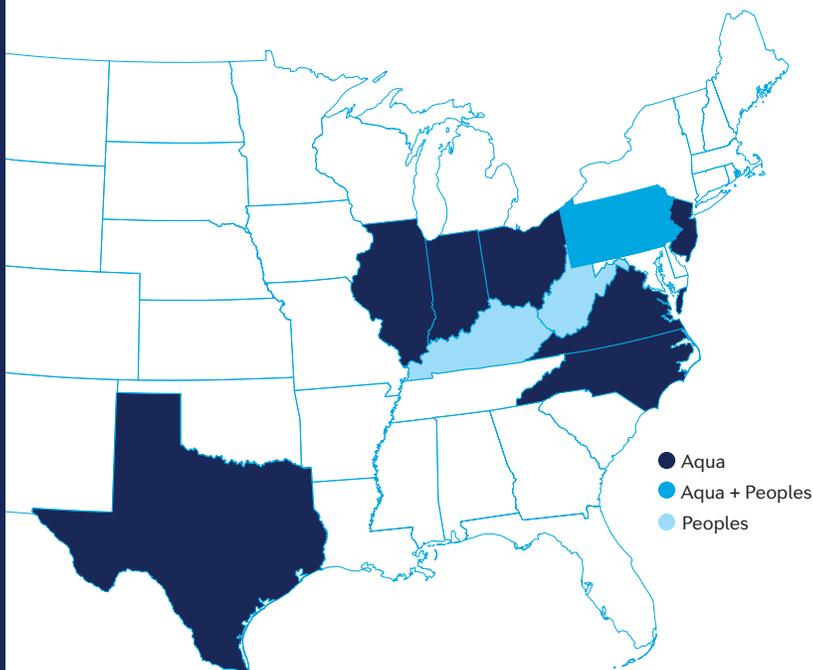
Water and Wastewater Industry

With about 85 percent of the U.S. population served by municipalities and over 53,000 total systems, the water industry is highly fragmented. It is also in dire need of investment. An estimated \$384 billion in water infrastructure improvements and \$271 billion for wastewater infrastructure is needed over the next 20 years. Aqua expects to invest more than \$1.4 billion through 2020.

Natural Gas Distribution Industry

The U.S. has about 2.5 million miles of natural gas pipelines. Natural gas consumption increased by more than 24 percent from 2005 to 2015 and continues to climb. Demand for new pipelines is intense as natural gas utilities add an average of one new customer every minute nationwide, according to the American Gas Association. Peoples will spend approximately \$300-\$350 million on infrastructure every year for the next three years. It plans to replace more than 3,100 miles of pipe at a rate of about 150 miles per year.

Aqua America Dividend Growth – 7.6% 5 yr CAGR



Peoples Infrastructure Investment (Capex) (in millions)



Capex Covered by Regulatory Mechanisms

