

Financial Results Call Presentation

First Quarter 2021



American States
Water Company

May 4, 2021

NYSE: AWR

Today's Presenters

Robert J. Sprowls

President & CEO



Eva G. Tang

SVP – Finance & CFO



Certain matters discussed during this conference call may be forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. Please review a description of the Company’s risks and uncertainties in our most recent Form 10-K and Form 10-Q on file with the Securities and Exchange Commission (SEC).

Non-GAAP Financial Measures

- This conference call includes a discussion of certain measures that are not prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States, and constitute "non-GAAP financial measures" under SEC rules. These non-GAAP financial measures are derived from consolidated financial information but are not presented in our financial statements that are prepared in accordance with GAAP.
- Non-GAAP financial measures discussed in this conference call include water and electric gross margins, which are computed by subtracting total supply costs from total revenues, and AWR's operations in terms of diluted earnings per share by business segment, which is each business segment's earnings divided by the Company's weighted average number of diluted shares. Furthermore, the losses incurred during the first quarter of 2020 on the investments held to fund one of the company's retirement plans resulting from the negative effects on the financial markets at the start of the COVID-19 pandemic have been excluded when communicating the results to help facilitate comparisons of the company's performance from period to period.
- The non-GAAP financial measures supplement our GAAP disclosures and should not be considered as alternatives to the GAAP measures. Furthermore, the non-GAAP financial measures may not be comparable to similarly titled non-GAAP financial measures of other registrants. The Company uses these non-GAAP measures in evaluating its operating results and believes these measures are useful internal benchmarks in evaluating the performance of its operating segments. The Company reviews these measures regularly and compares them to historical periods and to the operating budget.

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Q1 Highlights - Diluted EPS by Segment



**36.8% increase in consolidated diluted EPS over first quarter of 2020
(20.9% increase over adjusted first quarter 2020 diluted EPS)**

	Q1 2021	Q1 2020*	Variance
Water	\$0.33	\$0.24	\$0.09
Electric	0.07	0.06	0.01
Contracted Services	0.12	0.08	0.04
Consolidated EPS*	\$0.52	\$0.38	\$0.14

* Q1 2020 includes a \$2.4 million pretax loss on investments held to fund a retirement plan, a decrease in earnings of \$0.05 per share. Excluding this loss from the results of Q1 2020, EPS for Q1 2021 increased \$0.09, or 20.9%, compared to Q1 2020.

Q1 2021 Highlights (Continued)

- We continue to execute on our business strategies and provide high quality water, wastewater and electric services.
- We remain committed to conservation, environmental stewardship, employee safety and well-being, diversity and inclusion, and sound governance practices. Disclosures that can be found on our website include:
 - ✓ Environmental, Social Responsibility and Governance (ESG)
 - ✓ Task Force on Climate-Related Financial Disclosures (TCFD)
 - ✓ Sustainability Accounting Standards Board (SASB)
- We filed a cost of capital application for the water segment, and implemented new CPUC-approved water and electric rates effective January 1, 2021.
- We continue to make infrastructure investments at all of our segments, perform more work on military bases, compete for new military base contracts and deliver consistent dividend growth to our shareholders.

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Q1 Operating Revenues by Segment



(amounts in millions)	Q1 2021	Q1 2020	Variance
Water*	\$75.0	\$71.4	\$3.6
Electric*	11.5	10.9	0.6
Contracted Services	30.5	26.7	3.8
Total Operating Revenues	\$117.0	\$109.0	\$8.0

* Includes billed surcharges to collect previously incurred costs, and offset by corresponding increases in operating expenses, resulting in no material impact to earnings.

Q1 Expenses* (Excluding income taxes)

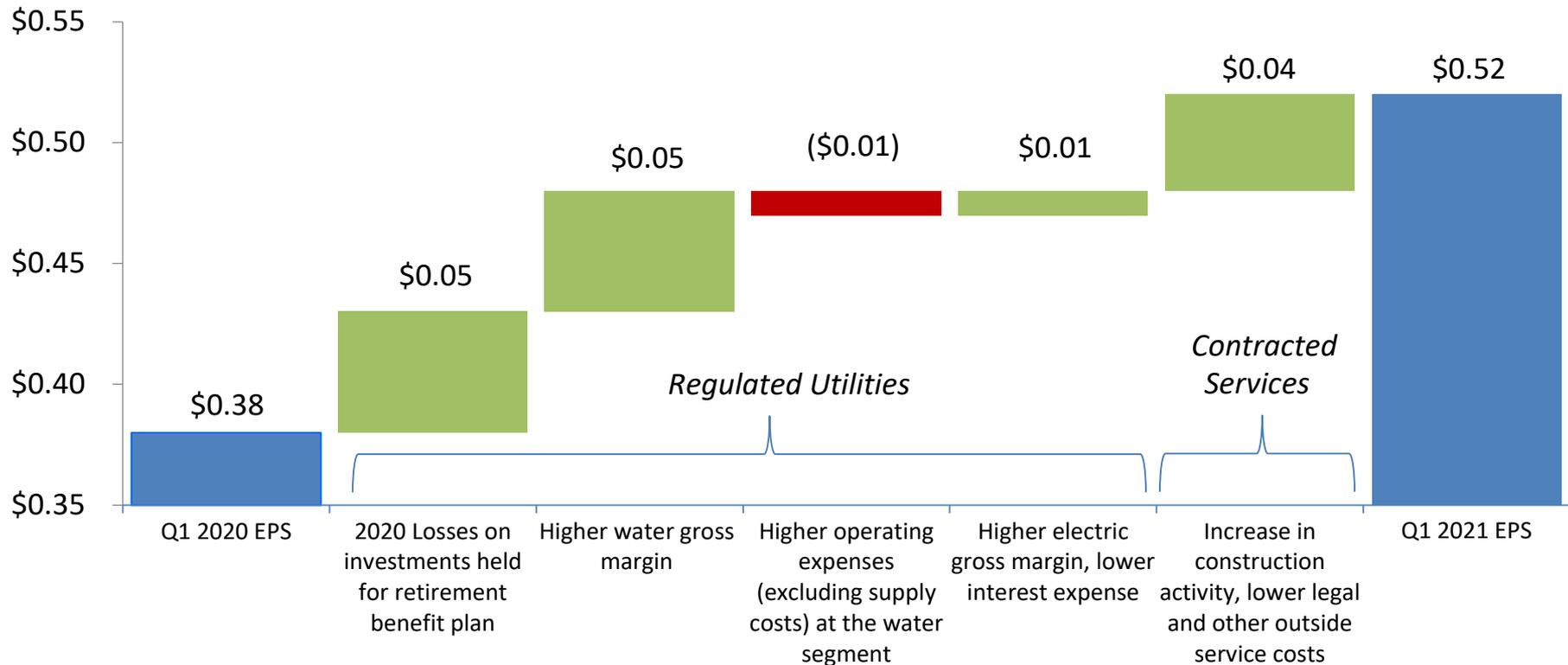


(amounts in millions)	Q1 2021	Q1 2020	Variance
Water and Electric Supply Costs	\$22.6	\$21.0	\$1.6
Other Operation	8.2	8.5	(0.3)
Administrative and General	22.1	23.0	(0.9)
Depreciation and Amortization	9.6	8.8	0.8
Maintenance	2.7	3.9	(1.2)
Property and Other Taxes	5.9	5.2	0.7
ASUS Construction	15.7	13.1	2.6
Total Operating Expenses	\$86.8	\$83.5	\$3.3
Interest Expense, net of Interest Income and Other**	\$5.2	\$7.7	(\$2.5)

* Includes increases in operating expense of \$736,000 and \$992,000 for Q1 2021 and Q1 2020, respectively, for billed surcharges to collect previously incurred costs, resulting in no material impact to earnings.

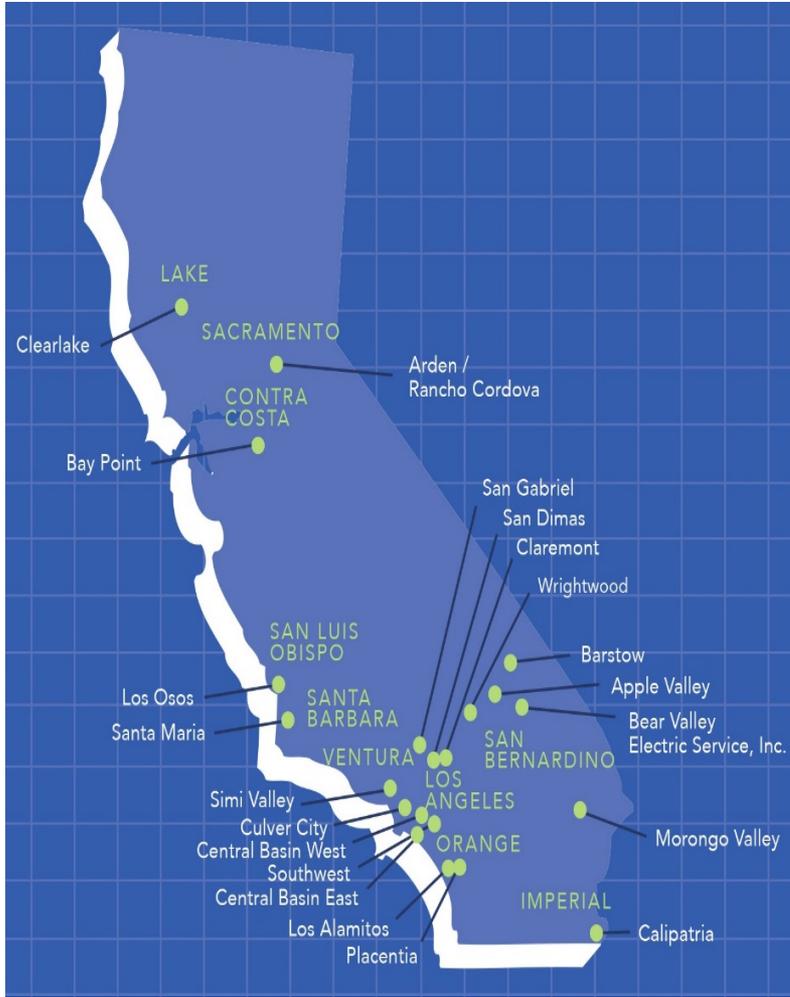
** Includes \$628,000 gain in Q1 2021 and \$2.4 million loss in Q1 2020 on investments held to fund a retirement plan.

EPS Bridge Q1 2020 to Q1 2021



- Operating cash flows for Q1 2021 increased to \$24.7 million from \$15.7 million in Q1 2020 primarily due to an increase in cash receipts from utility customer accounts receivable.
- Regulated utilities invested \$35.8 million of company-funded capital work during Q1 2021:
 - ✓ Capital expenditures for 2021 are expected to be \$120-\$135 million for our regulated utilities
- On May 24, 2021, we intend to prepay GSWC's 9.56% private placement notes in the amount of \$28.0 million with a maturity date in 2031. The early redemption will include a premium of 3% of par value, or \$840,000 if redeemed before May 15, 2022:
 - ✓ GSWC recovers redemption premiums in its embedded cost of debt
 - ✓ The savings from redeeming high interest rate debt is passed on to customers

Regulated Activity

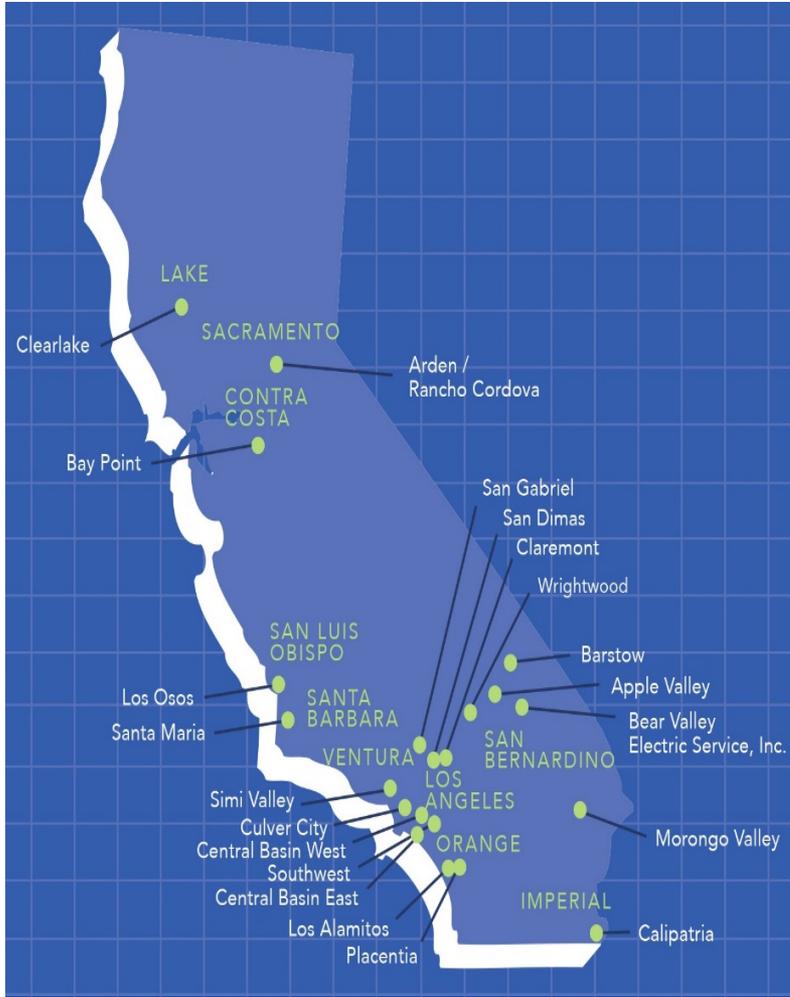


Regulated Utilities - Customer Service Areas

- The CPUC approved all of the third-year water rate increases effective January 1, 2021, which are expected to increase the water gross margin by \$11.1 million in 2021.
- GSWC filed its cost of capital application on May 3, 2021 requesting:
 - ✓ a capital structure of 57% equity and 43% debt,
 - ✓ a return on equity of 10.5%, and
 - ✓ a return on rate base of 8.18%.

A final decision is scheduled for the fourth quarter of 2021, with an effective date of January 1, 2022.

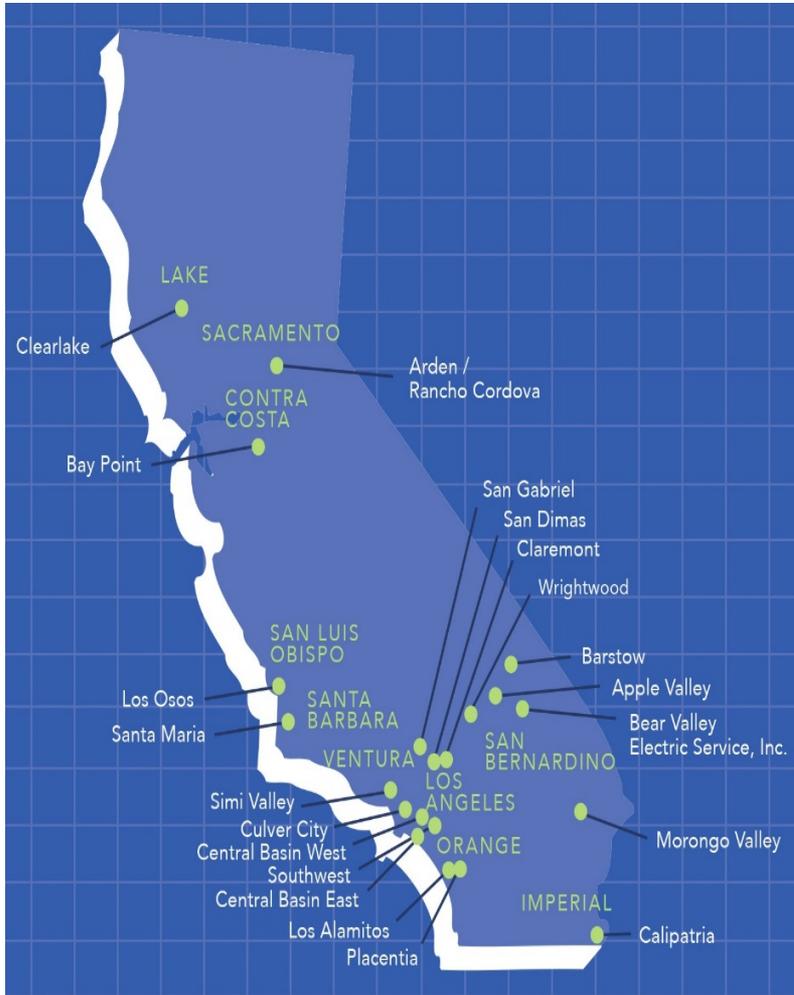
Regulated Activity (Continued)



Regulated Utilities - Customer Service Areas

- In July 2020, GSWC filed a general rate case application for all water regions and the general office for new rates for the years 2022, 2023 and 2024:
 - ✓ Application includes capital budget requests of approximately \$450.6 million for the three-year rate cycle, and another \$11.4 million of capital projects to be filed for revenue recovery through advice letters once those projects are completed.
- GSWC is authorized to continue using the Water Revenue Adjustment Mechanism, or "WRAM," and the Modified Cost Balancing Account, or "MCBA," until 2025.

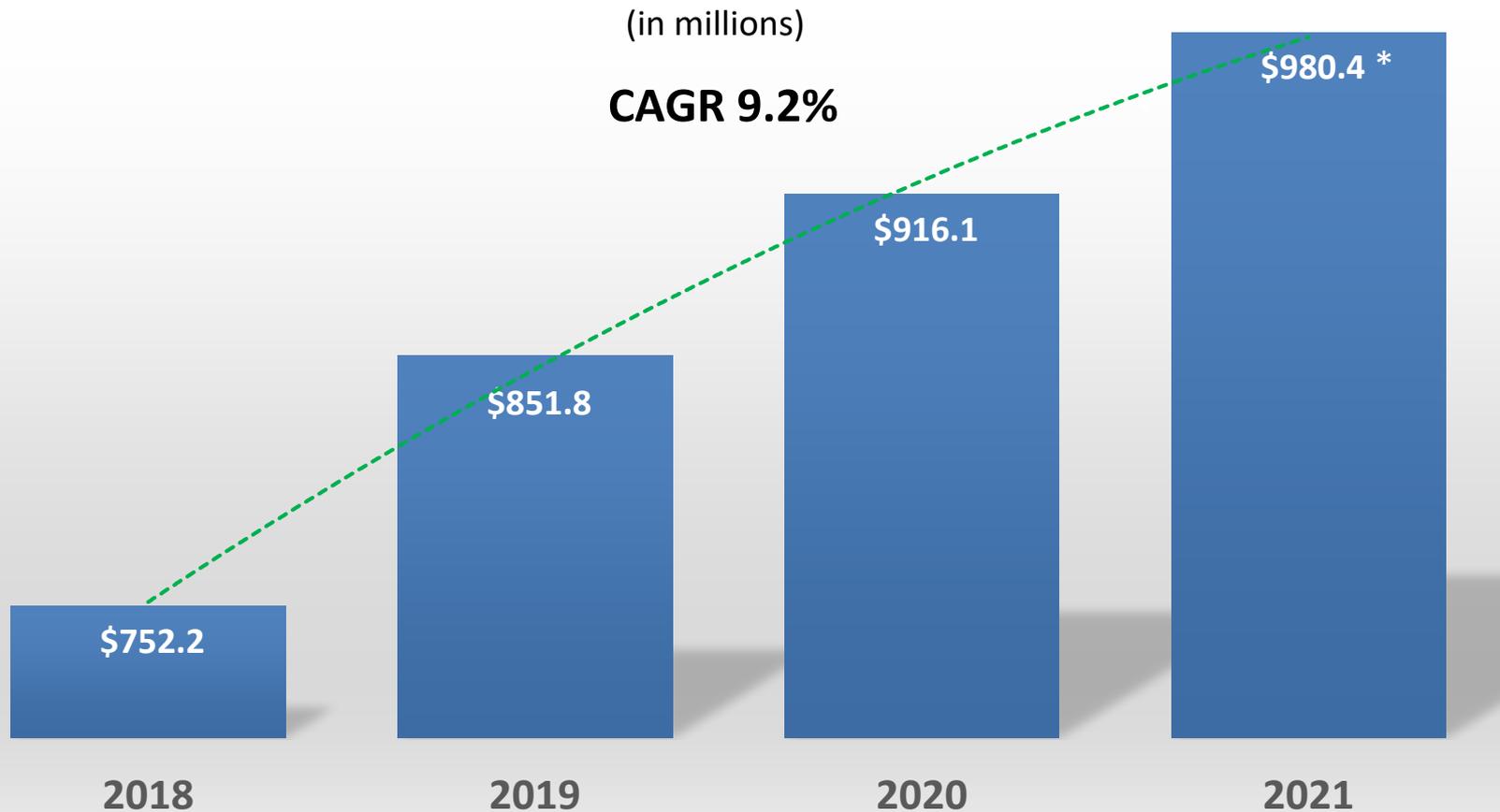
Regulated Activity (Continued)



Regulated Utilities - Customer Service Areas

- During the COVID-19 pandemic, the regulated utilities have continued their operations while adhering to orders issued by the CPUC and other governmental agencies:
 - ✓ In February 2021, the CPUC extended suspension of service disconnections for electric customers through June 30, 2021.
 - ✓ The suspension of water service disconnections was implemented based on orders from the governor of CA, and changes to the moratorium may require another action by the governor (some coordination is expected with the CPUC).
 - ✓ The CPUC extended the COVID-19-related memorandum accounts established by GSWC and BVESI. Request for recovery of these memorandum accounts are or will be addressed in the water and electric general rate cases.

Adopted Average Water Rate Base



* Does not include \$20.4 million in advice letter projects

Contracted Services (ASUS)

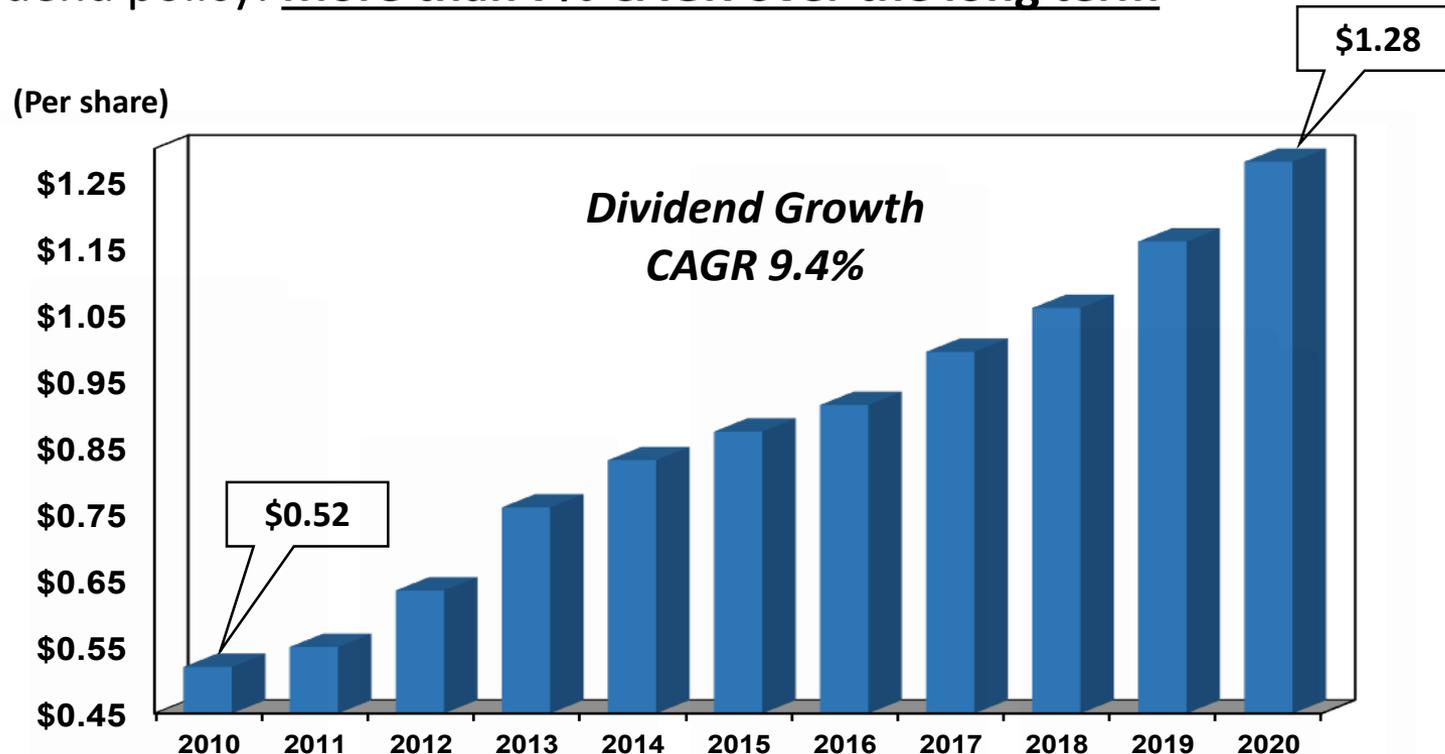
- Earnings were \$0.12 per share, \$0.04 higher than the prior year, due to an overall increase in construction activity and timing differences of when work was performed, as well as lower legal and outside services expense as compared to Q1 2020.
- ASUS is projected to contribute \$0.45 - \$0.49 per share in 2021.
- With our strong history and expertise, we are well positioned to compete for new military privatization contracts.



Serving Those Who Serve®

Dividends

- Declared 2021 second quarter dividend of \$0.335 per share
- Increased annual dividend in 2020 by 9.8% to \$1.34 per share
- Dividends paid every year since 1931
- Increased the dividend every calendar year for **66 consecutive years**
- Dividend policy: **More than 7% CAGR over the long term**



Questions and Answers
