



Why Invest In AWR?

Strong Dividend Record

- ✓ **A 5.4% annual increase** in 2017, in addition to an 8% increase in 2016 and a 5.2% increase in both 2015 and 2014
- ✓ 10.4% compound annual growth rate (CAGR) in the annual dividend payment (2011 – 2017)
- ✓ Targeting a 5-year CAGR of more than 5% over the long term

Growth Potential in Earnings

- ✓ Planned prudent CapEx at 3.0x depreciation grows the rate base
- ✓ Significant recent success and growth prospects for the military base privatization business

Favorable Utility Regulatory Environment

- ✓ Forward-looking (future) test years limit regulatory lag
- ✓ Recovery of operating costs / Return on rate base
- ✓ Decouple revenue from sales to provide consistent returns

Stable Utility Customer Base

- ✓ ~90% of water revenues derived from residential and commercial customers

Seasoned & Committed Management

- ✓ >100 years collective utility experience

Strong Balance Sheet

- ✓ A+/A2 debt ratings

Well-Positioned for Consolidation Opportunities

Valuable Water Rights Portfolio to Meet Water Supply Needs

AWR is a low volatility water utility with a secure and growing dividend, operating in a constructive regulatory environment in California, along with a growing unregulated contracted services business serving military bases under 50-year contracts.



American States Water Co. (AWR) is the parent company of Golden State Water Co. (GSWC) and American States Utility Services, Inc. (ASUS) and its subsidiaries.

Regulated Business:

GSWC (77% of 2017 revenues) is a public utility company regulated by the California Public Utilities Commission (CPUC). GSWC engages principally in the delivery of water service to 259,000 customers, operating in 10 counties of California. GSWC also provides electric service to 24,000 customers through its Bear Valley Electric Service division.

Contracted Services Business:

ASUS (23% of 2017 revenues) operates and maintains the water and wastewater systems at various military bases under 50-year contracts with the U.S. government including:

- Fort Bliss in **Texas** and **New Mexico**
- Joint Base Andrews in **Maryland**
- Fort Story and Joint Base Langley-Eustis in **Virginia**
- Fort Lee in **Virginia** (wastewater only)
- Fort Bragg, Pope Army Airfield and Camp Mackall in **North Carolina**
- Fort Jackson in **South Carolina**
- Eglin AFB in **Florida**
- Fort Riley in **Kansas***

Numerous military bases are still to be privatized; active bids currently in process. Significant water/wastewater contracts to be awarded over the next five years.

*ASUS will assume the operation of the water and wastewater systems in 2018

Stock Symbol NYSE: AWR

Market Cap: **\$2 billion**

Average Daily Volume (3 mo): **278,000**

Institutional Ownership: **68%**

AWR Debt Rating: **A+ Stable**

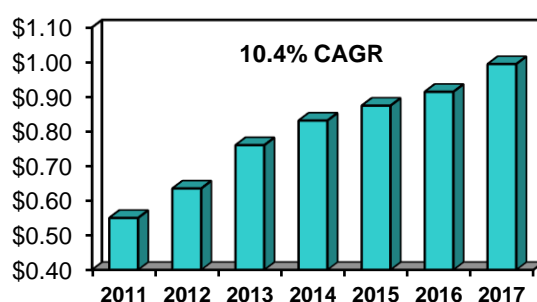
52-Week Range: **\$44.08 - \$60.00**

Dividend Yield: **1.77%**

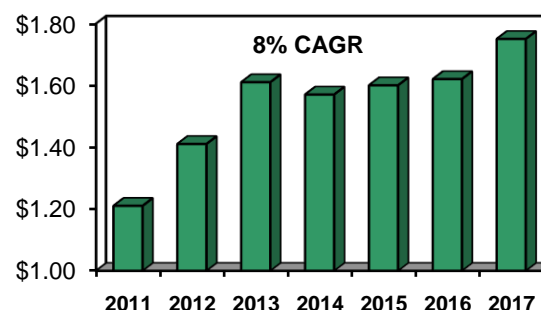
Closing Price 05/17/2018: **\$54.29**

P/E (TTM): **28.92**

Dividends Paid per Share



Diluted EPS⁽²⁾



Financial Highlights

Dollars in millions, except per share amounts

	2017	2016	2015
Operating Revenues	\$440.6	\$436.1	\$458.6
Operating Income ^{(1) (2)}	118.8	114.7	118.5
Diluted EPS ⁽²⁾	1.75	1.62	1.60
Dividends Paid per Share	0.994	0.914	0.874
Capital Additions	113.1	129.9	87.3

(1) Before Income Taxes and Interest (net)

(2) 2017 excludes a gain on the sale of assets of \$8.3 million or \$0.13 per share

Strategic Goals

Regulated Utilities:

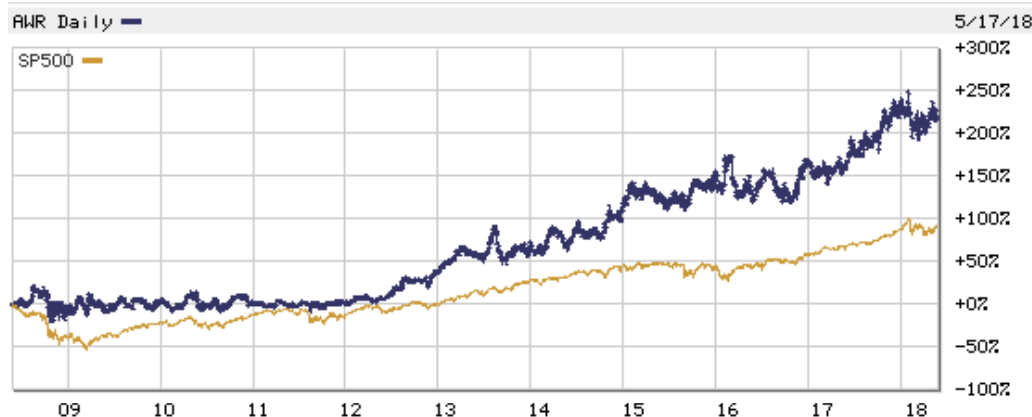
- Deliver outstanding customer service
- Focus on operational efficiency to minimize costs to customers
- Make prudent capital additions that enhance shareholder and customer value
- Earn the authorized return on equity and return on rate base
- Receive timely recovery of costs
- Maintain good working relationship with state regulatory commission
- Be proactive in managing resources and influencing policy
- Expand customer base through organic growth and acquisitions
- Employ management systems to conserve water and energy resources
- Maintain a strong water supply portfolio

Contracted Services:

- Increase net income through:
 - Efficient operations
 - Requests for equitable adjustments
 - Economic Price Adjustments
- Increase the size and scope:
 - Further develop service opportunities on current military bases
 - Actively pursue numerous military bases still to be privatized
- Earn higher returns on investment than the allowed returns for regulated utilities

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10-year Total Return: **AWR vs. S&P 500** Source: Marketwatch.com



10-Year Compound Annual Return

Based on performance measures set forth by the SEC, a \$1,000 investment in the common shares of AWR on December 31, 2007, assuming all dividends were reinvested in additional common shares of the Company, would have increased in value to \$4,026 as of December 31, 2017.

This amounts to an annual compound growth rate of **15.0%** (as compared to 8.5% if invested in the S&P 500).

Of course, past performance is no guarantee of future results, since share prices and returns can fluctuate.

Analyst Coverage

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For more information about American States Water Company, including the latest stock quotes and historical performance data, common share purchase and dividend reinvestment information, news releases and much more.

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Forward-Looking Statement—Certain matters discussed in this Fact Sheet are forward-looking statements intended to qualify for the “safe harbor” from liability established by the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified as such because the context of the statements will include words such as the Company “believes,” “anticipates,” “expects” or words of similar import. Statements that describe the Company’s future plans, objectives, estimates or goals are also forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the statements.