



## Why Invest In AWR?

### Strong Dividend Record

- ✓ **A 5.4% increase** in Q3 2017, in addition to an 8% increase in Q4 2016 and a 5.2% increase in both 2015 and 2014
- ✓ 10.5% 5-year compound annual growth rate (CAGR) in the annual dividend payment as of 06/30/2017
- ✓ Targeting a 5-year CAGR of at least 5% over the long term

### Growth Potential in Earnings

- ✓ 8.3% 5-year CAGR in diluted EPS from continuing operations as of 06/30/2017
- ✓ Planned prudent CapEx at 3.0x depreciation grows the rate base

### Favorable 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 (76% of TTM Q2 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 approximately 70 cities in 10 counties of California. GSWC also provides electric service to 24,000 customers through its Bear Valley Electric Service Division.

#### Contracted Services:

ASUS (24% of TTM Q2 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**
- Andrews Air Force Base (AFB) in **Maryland**
- Fort Story and Fort Eustis in **Virginia**
- Fort Lee in **Virginia** (wastewater only)
- Fort Bragg, Pope AFB and Camp Mackall in **North Carolina**
- Fort Jackson in **South Carolina**
- Eglin AFB in **Florida\***

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.

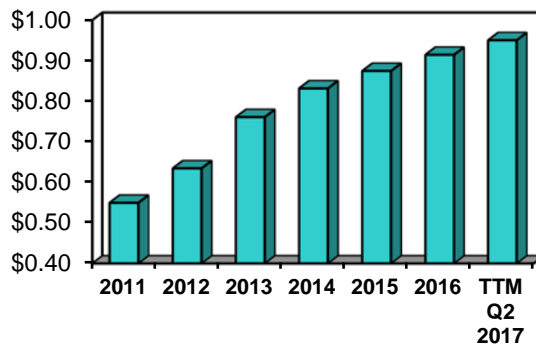
\*ASUS assumed the operation of the water and wastewater systems at Eglin AFB in June 2017

## Stock Symbol NYSE: AWR

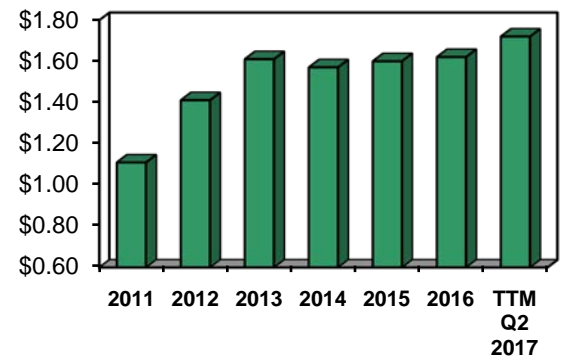
Market Cap: **\$1.8 billion**  
 Average Volume (3 mo): **117,000**  
 Institutional Ownership: **66%**  
 AWR Debt Rating: **A+ Stable**

52-Week Range: **\$37.47 - \$51.75**  
 Dividend Yield: **2.0%**  
 Closing Price 8/16/2017: **\$49.25**  
 P/E (TTM): **29.0**

#### Dividends Paid per Share (split adjusted)



#### Diluted EPS<sup>(2)</sup>



## Financial Highlights

Dollars in millions, except per share amounts  
 Years Ended December 31,

	TTM Q2 2017	2016	2015	2014	2013	2012	2011
Operating Revenues	\$442.6	\$436.1	\$458.6	\$465.8	\$472.1	\$466.9	\$419.9
Operating Income <sup>(1) (2)</sup>	120.0	114.7	118.5	119.0	119.1	111.1	95.1
Diluted EPS <sup>(2)</sup>	1.72	1.62	1.60	1.57	1.61	1.41	1.11
Dividends Paid per Share <sup>(3)</sup>	0.950	0.914	0.874	0.831	0.760	0.635	0.550
Capital Additions	110.4	129.9	87.3	72.6	97.4	68.1	80.3

<sup>(1)</sup> Before Income Taxes and Interest (net)

<sup>(2)</sup> TTM Q2 2017 *excludes* a gain on the sale of assets of \$8.3 million or \$0.13 per share

<sup>(3)</sup> Split Adjusted

# 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
  - Price redeterminations
  - 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



## AWR's Valuation

	AWR	Water Industry
P/E Multiple	26.2	27.2
Dividend Yield	2.2%	2.2%
Dividend Payout	57%	59%
Common Equity Ratio	54%	52%

Source: Yahoo.com; earnings data as of 03/17, stock price as of 3/31/17 reflecting a price of \$44.30 per share for AWR.

## 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 June 30, 2007, assuming all dividends were reinvested in additional common shares of the Company, would have increased in value to \$3,496 as of June 30, 2017.

This amounts to an annual compound growth of 13.3% (as compared to 7.2% 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

Barclays.....	Daniel Ford
Gabelli & Co.....	Timothy Winter
Janney Montgomery Scott .....	Michael Gaugler
Macquarie Research .....	Angie Storozynski
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[www.aswater.com](http://www.aswater.com)

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.