

Financial Results Call Presentation

First Quarter 2024



American States
Water Company

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NYSE: AWR

Today's Presenters

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President & CEO



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SVP – Finance & CFO



Forward-Looking Statement

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.

The non-GAAP financial measures discussed in this conference call include a discussion of diluted earnings per share by business segment and adjusted diluted earnings per share. The impact of the water general rate case and the retroactive rates related to the full year 2022 recorded during the three months ended March 31, 2023 resulting from the proposed decision on the water general rate case and the impact from the estimates of revenues subject to refund recorded during the three months ended March 31, 2023 have been excluded when communicating AWR's consolidated and water segment results for the three months ended March 31, 2024 and 2023 to help facilitate comparisons of AWR's performance from period to period.

These 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. The computations and reconciliations of non-GAAP measures to the most directly comparable GAAP measure are provided in this presentation.

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Q1 2024 Highlights

- Recorded diluted earnings per share decreased \$0.31, or a \$0.02 per share increase as adjusted:
 - ✓ Q1 2024: \$0.62 per share recorded and adjusted
 - ✓ Q1 2023: \$0.93 per share recorded or \$0.60 per share adjusted
- On pace to spend a combined \$160-\$200 million in infrastructure investments at our regulated utilities
- Successful transitions and start of operations of the water and wastewater systems at two new military bases
 - ✓ 50-year contract at Naval Air Station Patuxent River (Pax River) with an initial firm-fixed-price value estimated at \$349 million; subject to annual economic price adjustments
 - ✓ 15-year contract at Joint Base Cape Cod for up to a maximum firm-fixed-price value of \$75 million through the issuance of annual task orders

Q1 Diluted EPS by Segment



	Q1 2024	Q1 2023	Variance
Water	\$ 0.48	\$ 0.74	\$ (0.26)
Electric	0.05	0.06	(0.01)
Contracted Services	0.13	0.15	(0.02)
AWR (Parent)	(0.03)	(0.02)	(0.01)
Consolidated Diluted EPS as recorded (GAAP)	\$ 0.62	\$ 0.93	\$ (0.31)
Adjustments to GAAP measure:			
Impact of retroactive rates related to the full year of 2022 from the proposed decision in the water general rate case	-	(0.38)	0.38
Impact of estimated revenues subject to refund	-	0.05	(0.05)
Consolidated Diluted EPS as adjusted (Non-GAAP)	\$ 0.62	\$ 0.60	\$ 0.02
Water Diluted EPS as adjusted (Non-GAAP)	\$ 0.48	\$ 0.41	\$ 0.07

Note: Certain amounts in the table above may not foot or crossfoot due to rounding.

- (1) The impact of the final cost of capital decision resulted in the reversal in June 2023 of revenues subject to refund recorded in 2022 through June 2023.

Q1 Operating Revenues by Segment



(amounts in millions)	Q1 2024	Q1 2023	Variance
Water	\$90.3	\$112.7	\$(22.4)
Electric	12.2	12.9	(0.7)
Contracted Services	32.8	35.8	(3.0)
Total Operating Revenues*	\$135.3	\$161.4	(\$26.1)

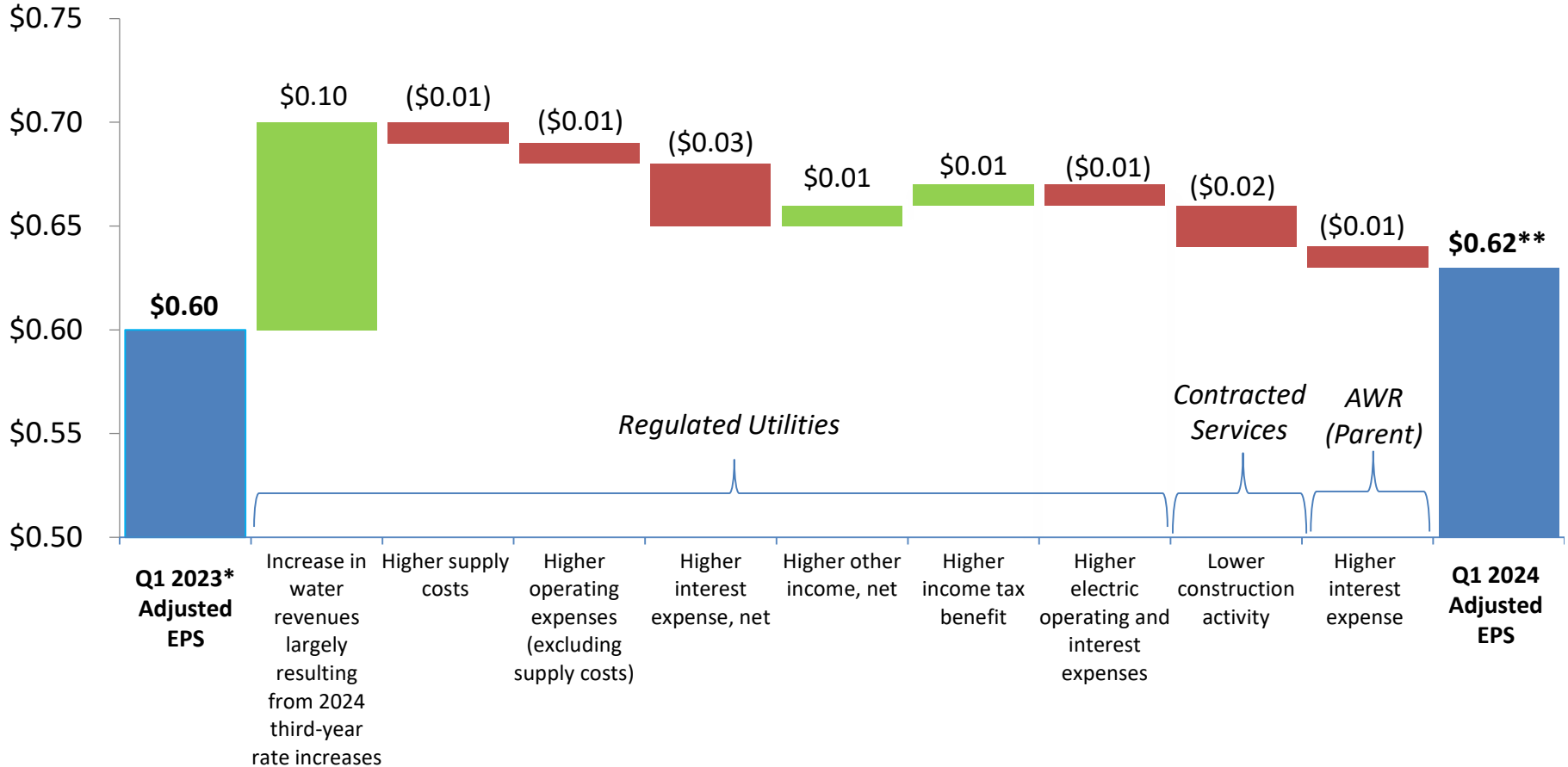
* Water revenues recorded during Q1 2023 include the impact of retroactive rates for the full year of 2022 of \$30.3 million.

Q1 Expenses (Excluding income taxes)



(amounts in millions)	Q1 2024	Q1 2023	Variance
Water and Electric Supply Costs	\$25.2	\$37.0	\$(11.8)
Other Operation	9.6	10.1	(0.5)
Administrative and General	25.3	23.5	1.8
Depreciation and Amortization	10.7	11.2	(0.5)
Maintenance	3.2	3.2	-
Property and Other Taxes	6.5	6.3	0.2
ASUS Construction	15.7	18.9	(3.2)
Total Operating Expenses	\$96.2	\$110.2	\$(14.0)
Interest Expense, net of Interest Income	\$10.8	\$7.6	\$3.2
Other Income, net of Other Expense	(\$2.3)	(\$1.6)	(\$0.7)

EPS Bridge Q1 2023 to Q1 2024



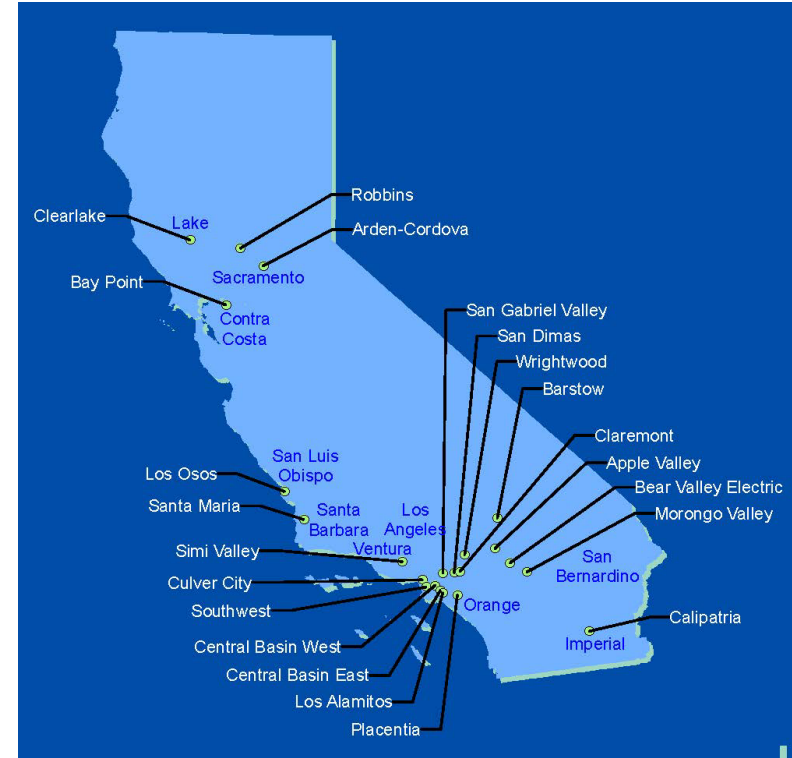
* Q1 2023 adjusted EPS excludes: (i) impact of the water general rate case and the retroactive rates related to the full year of 2022 resulting from the proposed decision in the water general rate case, a decrease of \$0.38 per share to recorded EPS, and (ii) impact of estimates resulting from revenues subject to refund, an increase of \$0.05 per share to recorded EPS. Both adjustments were recorded in Q1 2023 and relate to the water segment.

** Amount does not crossfoot due to rounding.

- Operating cash flows were \$45.8 million for 2024, as compared to \$7.0 million for 2023 largely from the delay in the water GRC and lower water consumption
 - ✓ GSWC has implemented:
 - 2024 third-year rate increases;
 - surcharges to recover all retroactive revenues accumulated since 2022 through July 30, 2023 (implemented in October 2023);
- Financing Activities:
 - ✓ In February 2024, AWR entered into an Equity Distribution Agreement to sell Common Shares through an at-the-market offering program of up to \$200 million over a three-year period. During Q1 2024, AWR sold 227,981 common shares and raised proceeds of \$16.1 million net of issuance costs.
- Credit ratings:
 - ✓ S&P: A and A+ credit ratings for AWR and GSWC, respectively, with stable outlook for both companies
 - ✓ Moody's: A2 rating with a stable outlook for GSWC

Regulatory Activity

- In August 2023, GSWC filed its general rate case for water rates in 2025-2027 and requested capital budgets of approximately \$611.4 million over the rate cycle.
- The CPUC adopted a final decision on GSWC's 2021 cost of capital application which among other items allows for the continuation of the Water Cost of Capital Mechanism (WCCM) through December 31, 2024. Effective January 1, 2024, the authorized ROE increased to 10.06% as a result of the WCCM being triggered for 2024, and the return on rate base increased to 7.93%.
- On February 2, 2024, the CPUC approved a request filed jointly by GSWC and three other Class A investor-owned water utilities to defer the next cost of capital applications deadline by one year to May 1, 2025.



Regulated Utilities - Customer Service Areas

The joint request also asked for:

- current cost of capital to remain in effect through 2025
- new cost of debt, ROE and capital structure to start effective January 1, 2026
- WCCM to remain active through the one year deferral period

Regulatory Activity (Continued)

- On August 30, 2022, BVES filed a general rate case to set new rates for the years 2023-2026. In addition, BVES requested:
 - ✓ a capital budget of \$68.2 million
 - ✓ a capital structure of 61.8% equity and 38.2% debt
 - ✓ a return on equity of 11.25%
 - ✓ an embedded cost of debt of 5.51%
 - ✓ a return on rate base of 9.05%
 - ✓ recovery of more than \$23.5 million in capital spend related to wildfire mitigation plans.

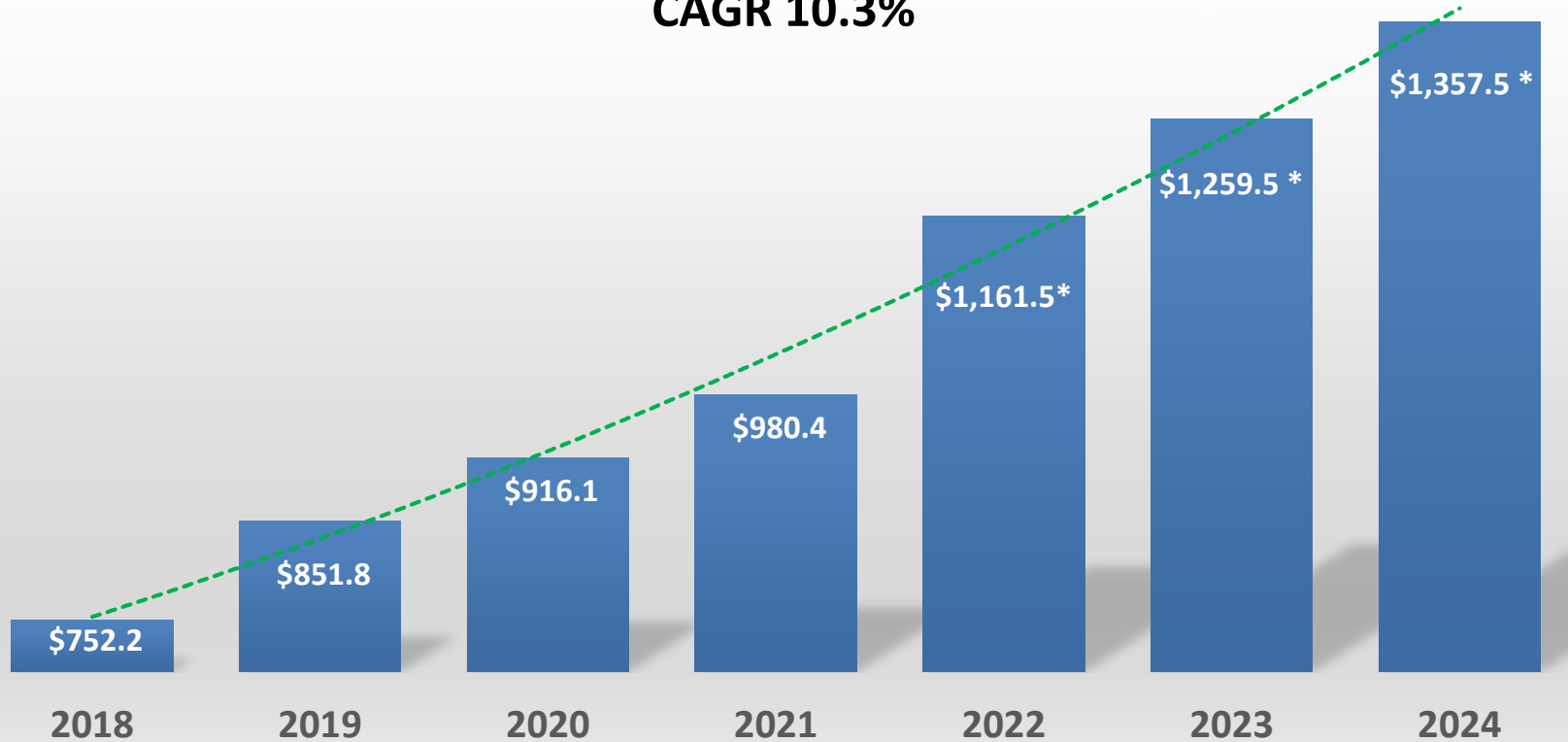
- On April 10, 2024, the U.S. Environmental Protection Agency announced the issuance and finalization of national standards for PFAS in drinking water. The new regulations include, among other items, maximum contaminant levels and timelines for required compliance.

GSWC Adopted Average Water Rate Base



(in millions)

CAGR 10.3%



* Based on the final decision in the current general rate case plus includes approximately \$9.4 million in advice letter projects.

Contracted Services (ASUS)

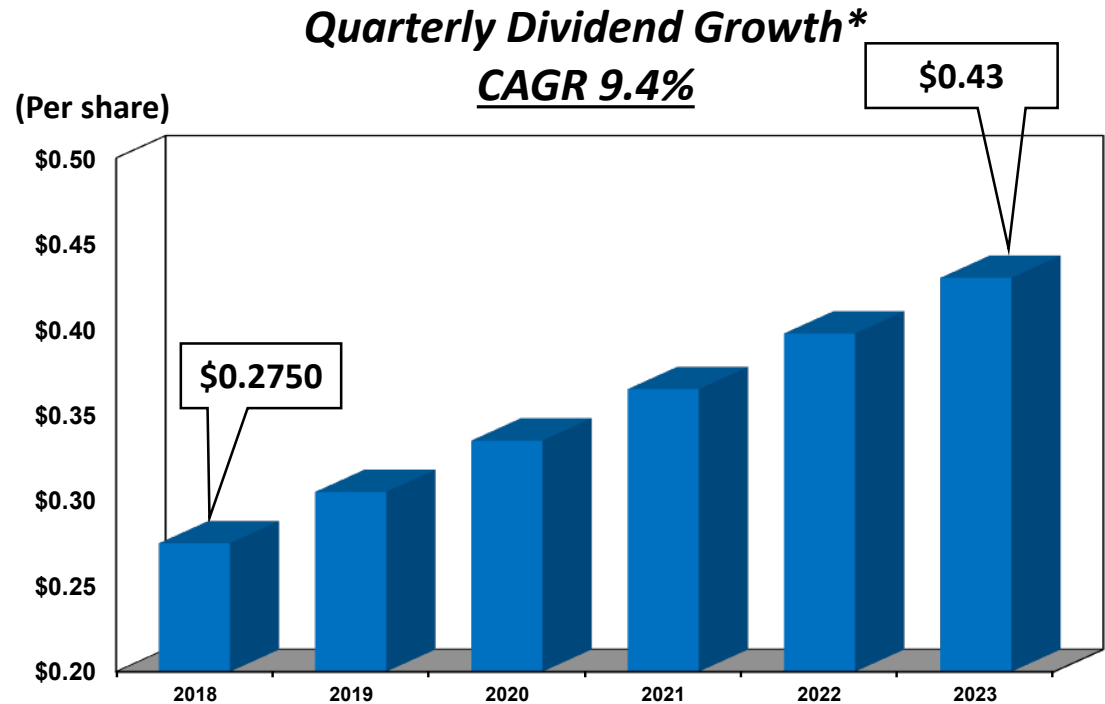
- Earnings for Q1 2024 were \$0.13 per share as compared to \$0.15 per share for Q1 2023. The decrease was largely due to a decrease in construction activity resulting from the timing difference of when construction work was performed in 2024 as compared to the same period in 2023, partially offset by an increase in management fee revenue resulting from the resolution of various economic price adjustments.
- ASUS has started operations at two new military bases
 - ✓ 50-year contract at Naval Air Station Patuxent River with an initial firm fixed-price value estimated at \$349 million
 - ✓ 15-year contract at Joint Base Cape Cod for up to a maximum firm fixed-price value of \$75 million.
- ASUS is projected to contribute \$0.50 - \$0.54 per share in 2024.
- We are confident that we can effectively compete for new military base contract awards in the future, based on our strong history and expertise.
- The completion of filings for economic price adjustments, requests for equitable adjustment, asset transfers and contract modifications awarded for new projects provide ASUS with additional revenues and dollar margin.



Serving Those Who Serve®

Dividends

- The Board of Directors approved a second quarter 2024 cash dividend of \$0.43 per Common Share
- Dividend policy: CAGR of **more than 7%** over the long term continues to be met
- Dividends paid every year since 1931
- Increased dividend every calendar year for **69 consecutive years**



*Increases to quarterly dividends have been announced in the third quarter of each year.

Questions and Answers

Computations and Reconciliations of Non-GAAP Financial Measures



Below are the computations and reconciliations of diluted earnings per share from the measure of operating income by business segment to AWR's consolidated diluted earnings per share for the three months ended March 31, 2024 and 2023:

	<u>Water</u>		<u>Electric</u>		<u>Contracted Services</u>		<u>AWR (Parent)</u>		<u>Consolidated (GAAP)</u>	
	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>Q1 2024</u>	<u>Q1 2023</u>	<u>Q1 2024</u>	<u>Q1 2023</u>
<u>In 000's except per share amounts</u>										
Operating income (loss)	\$ 29,167	\$ 40,239	\$ 3,141	\$ 3,631	\$ 6,667	\$ 7,296	\$ (1)	\$ (1)	\$ 38,974	\$ 51,165
Other (income) and expense, net	5,549	3,866	839	560	333	257	1,722	1,323	8,443	6,006
Income tax expense (benefit)	<u>5,824</u>	<u>8,910</u>	<u>560</u>	<u>701</u>	<u>1,560</u>	<u>1,685</u>	<u>(548)</u>	<u>(544)</u>	<u>7,396</u>	<u>10,752</u>
Net income (loss)	<u>\$ 17,794</u>	<u>\$ 27,463</u>	<u>\$ 1,742</u>	<u>\$ 2,370</u>	<u>\$ 4,774</u>	<u>\$ 5,354</u>	<u>\$ (1,175)</u>	<u>\$ (780)</u>	<u>\$ 23,135</u>	<u>\$ 34,407</u>
Weighted Average Number of Diluted Shares	<u>37,107</u>	<u>37,047</u>	<u>37,107</u>	<u>37,047</u>	<u>37,107</u>	<u>37,047</u>	<u>37,107</u>	<u>37,047</u>	<u>37,107</u>	<u>37,047</u>
Diluted earnings (loss) per share	<u>\$ 0.48</u>	<u>\$ 0.74</u>	<u>\$ 0.05</u>	<u>\$ 0.06</u>	<u>\$ 0.13</u>	<u>\$ 0.15</u>	<u>\$ (0.03)</u>	<u>\$ (0.02)</u>	<u>\$ 0.62</u>	<u>\$ 0.93</u>

Note: Certain amounts in the table above may not foot or crossfoot due to rounding.