



Corporate Overview

Founded in 1886, Aqua America, Inc. is the publicly traded holding company for regulated water and wastewater utilities that serve approximately 3 million people in Pennsylvania, Ohio, Texas, Illinois, North Carolina, New Jersey, Indiana and Virginia. Aqua has a long history of returning value to its shareholders, and most recently, the company increased its dividend for the 25th time in 24 years, effective as of September 1, 2015. The company has paid quarterly dividends for 71 consecutive years. Aqua America is listed on the New York Stock Exchange under the ticker symbol WTR.

Our Business

Water is undoubtedly our greatest natural resource. Water is the only utility business charged with delivering a product that is ingested. The core business of our regulated subsidiaries is to treat this essential natural resource to a quality meeting required drinking water standards to sustain a healthy life, but our commitment does not end there. Aqua recognizes that as stewards of Earth's most recycled natural resource, we have a responsibility to take equal care in preparing fresh water for drinking as well as treating wastewater for its return to Earth.

Water and Wastewater Industry Overview

The water and wastewater industry is the nation's most fragmented utility industry. The great majority of the U.S. population is served by municipal drinking water and wastewater systems. Approximately 53,000 water systems and more than 16,000 wastewater systems exist in the country. Even though roughly half of the drinking water systems are privately owned, they serve only about 15 percent of the population. Approximately 20 percent of the wastewater systems are privately owned, but they serve only about 3 percent of the population. More stringent regulations from federal and state environmental regulators, and the capital needed to meet such standards on the part of many system owners, as well as the monetizing of public assets to support the financial condition of municipalities, are among the factors that might drive consolidation. The U.S. Environmental Protection Agency has estimated that an investment of \$335 billion is needed for required improvements to the nation's aging water infrastructure over the next 20 years. While the American Society of Civil Engineers has estimated that \$298 billion is needed to improve the nation's wastewater infrastructure.

Growth Strategy

Aqua America's regulated growth strategy is focused on using its expertise and financial strength to acquire both municipal and private water systems. The company has completed more than 200 acquisitions of utility systems in the last 10 years. In 2015, Aqua's growth-through-acquisition strategy yielded the largest customer growth rate seen since 2008. The company's successful growth initiatives included four municipal acquisitions, which contributed to an overall customer base increase of 1.9 percent. The company expects its customer base to increase by 1.5 to 2 percent in 2016. Our long-term growth approach is to inject needed capital into utility systems, investing in the infrastructure required to provide clean water and wastewater services. This strategy directly and positively impacts the communities we serve. In 2015, Aqua invested approximately \$365 million to improve its infrastructure systems. The company expects to invest more than \$350 million in 2016 and more than \$1.1 billion through 2018.

Financial Highlights (in thousands, except per share amounts)	2015	2014
Operating revenues	\$814,204	\$779,903
Income from continuing operations	\$201,790	\$213,884
Income from continuing operations per share	\$1.14	\$1.20
Adjusted income from continuing (Non-GAAP financial measurement)	\$223,223	\$213,884
Adjusted income from continuing operations per share (Non-GAAP financial measurement)	\$1.26	\$1.20
Average common shares outstanding (diluted)	177,517	177,763

Market Information

- 12/31/15 closing price: \$29.80
- Market capitalization: \$5.3 billion
- 52 Week High: \$28.22
- 52 Week Low: 23.26
- Annualized dividend yield: 2.4%
- Annualized dividend: \$0.712
- Average daily volume (TTM): 666k

