

Financial Results Call Presentation



American States
Water Company

First Quarter 2017

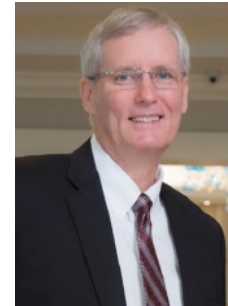
May 3, 2017

NYSE: AWR

Today's Presenters

Robert J. Sprowls

President & CEO



Eva G. Tang

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.
- Non-GAAP financial measures discussed in this conference call include: (i) the water gross margin, which is computed by subtracting total supply costs from total revenues, (ii) adjusted revenues, adjusted supply costs, and adjusted other operation expenses, which are adjusted for items related to other periods, and (iii) 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.
- 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 the water gross margin, adjusted revenues, adjusted supply costs and adjusted other operation expenses and earnings per share by business segment as important 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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- Higher Q1 earnings for all business segments.
- Regulated Utilities (GSWC) - We expect to invest approximately \$110 - \$120 million in water and electric infrastructure during 2017.
- Contracted Services (ASUS) – Will assume operations at Eglin Air Force Base in Florida in mid-2017.
 - ✓ The initial value of the contract is estimated at approximately \$510 million over the 50-year period and is subject to annual economic price adjustments.

Q1 Diluted EPS by Segment



	Q1 2017	Q1 2016	Variance
Water	\$0.25	\$0.22	\$0.03
Electric	0.04	0.03	0.01
Contracted Services	0.05	0.03	0.02
Consolidated EPS, as reported	\$0.34	\$0.28	\$0.06
Non-GAAP Adjustments⁽¹⁾	(0.02)	(0.02)	—
Consolidated EPS, adjusted	\$0.32	\$0.26	\$0.06

⁽¹⁾As discussed on Slide 8, non-GAAP adjustments at the water segment reflect (i) adjustments pertaining to Q1 '16 not reflected until Q4 '16 due to CPUC delay in issuance of decision in the water general rate case, and (ii) the one-time recovery of previously incurred drought-related items recorded during Q1 '17.

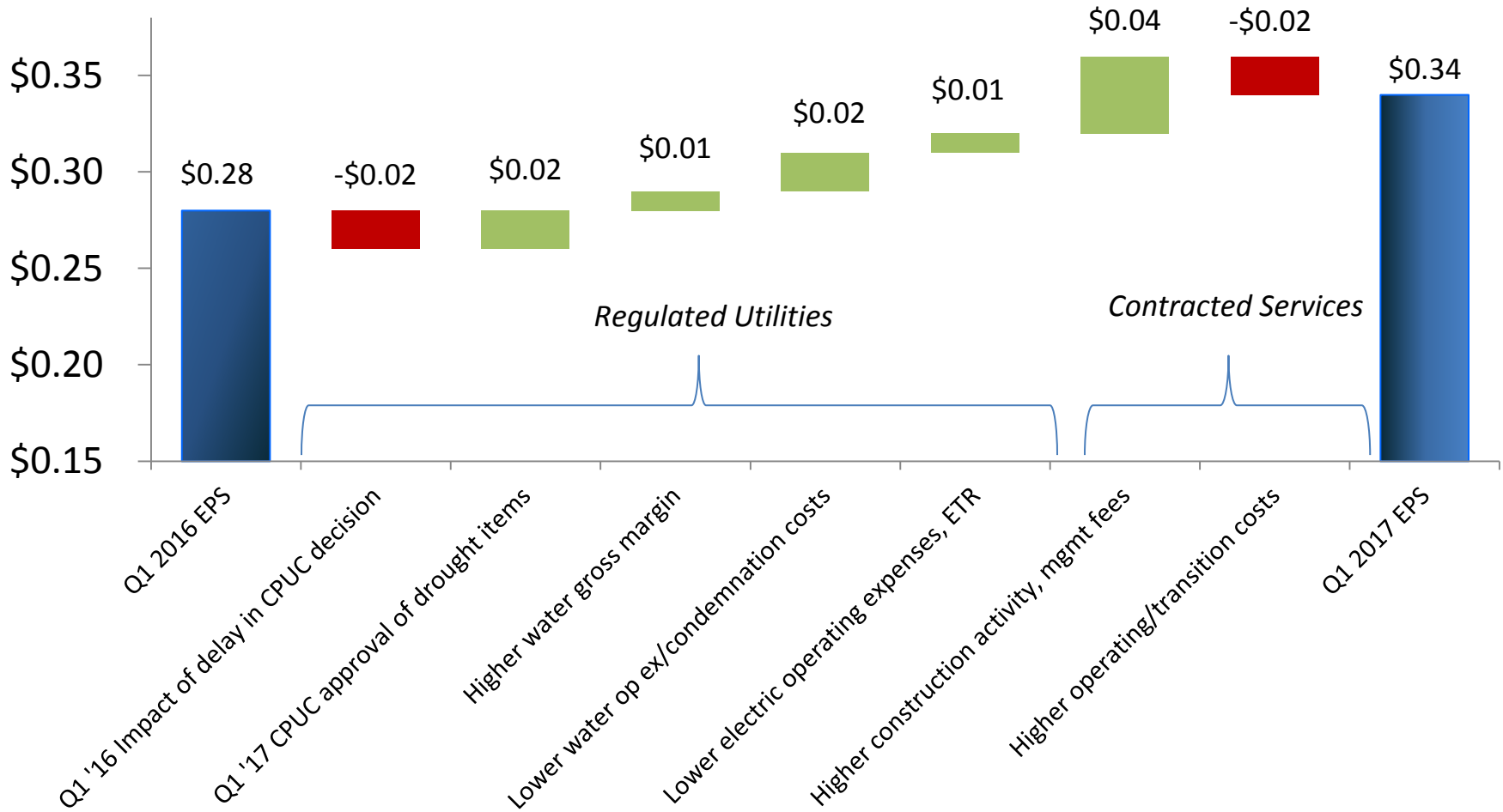
Adjusted Operating Income (Non-GAAP) American States Water Company

(amounts in millions)	Q1 2017	Q1 2016	Variance
Adjusted Operating Revenues	\$98.5 ^(b)	\$92.8 ^(a)	\$5.7
Adjusted Water and Electric Supply Costs	18.4	18.4 ^(a)	—
Adjusted Other Operation	7.4 ^(b)	7.0	0.4
Administrative and General	20.3	20.8	(0.5)
Depreciation and Amortization	9.7	9.8	(0.1)
Maintenance	3.5	4.1	(0.6)
Property and Other Taxes	4.6	4.4	0.2
ASUS Construction	11.5	8.7	2.8
Adjusted Total Operating Expenses	75.4	73.2	\$2.2
Adjusted Operating Income (Non-GAAP)	\$23.1	\$19.6	\$3.5

^(a) Adjusted to include \$1.5M impact (\$700,000 decrease in revenues, \$800,000 increase in supply costs) to Q1 '16 water gross margin due to delay in the CPUC decision.

^(b) Adjusted to exclude \$1.5M impact of Q1 '17 CPUC approval for recovery of incremental drought items (\$260,000 increase in revenues, \$1.2M decrease in other operation expense).

EPS Bridge Q1 2016 to Q1 2017



- Operating cash flows increased slightly to \$28.0 million primarily due to:
 - ✓ Increases in cash generated from timing of cash receipts and disbursements related to customer receivables, unbilled receivables and accounts payable.
 - ✓ Partially offset by timing of billings of and cash receipts for construction work at military bases.

- Cash used in investing activities decreased by \$5.5 million primarily due to lower capital expenditures at GSWC.
 - ✓ Company-funded capital expenditures for 2017 are expected to be \$110-\$120 million at GSWC.

Regulated Activity



Golden State Water Company Customer Service Areas

- New 2017 water rates implemented April 2017.
- Water general rate case to be filed in July 2017 for rates in years 2019-2021.
- Water Cost of Capital application filed in early April 2017. Decision scheduled for the end of 2017, effective January 1, 2018.
- Electric rate case filed on May 1 for rates in years 2018-2021. Final decision scheduled for end of 2017.

- 2016/2017 winter saw substantial rain and snowfall in most of California.
- In April 2017, Governor of California ended the drought state of emergency in most of California in response to significantly improved water supply conditions.
- GSWC ended its Staged Mandatory Conservation and Rationing in most service areas.
- During Q1 '17, CPUC approved recovery of \$1.5 million in drought-related items, recorded as an increase to Q1 '17 pretax income.

Contracted Services (ASUS)

- Ten military bases in seven states under 50-year privatization contracts.
- Actively engaged in bidding on new bases being privatized and continue to develop significant opportunities for new construction work on the bases we currently serve.
- Economic price adjustments (EPAs) filed with government for all bases served. Expect resolution of EPAs during Q2 '17.
- ASUS projected to contribute \$0.34 - \$0.38 per share in 2017.

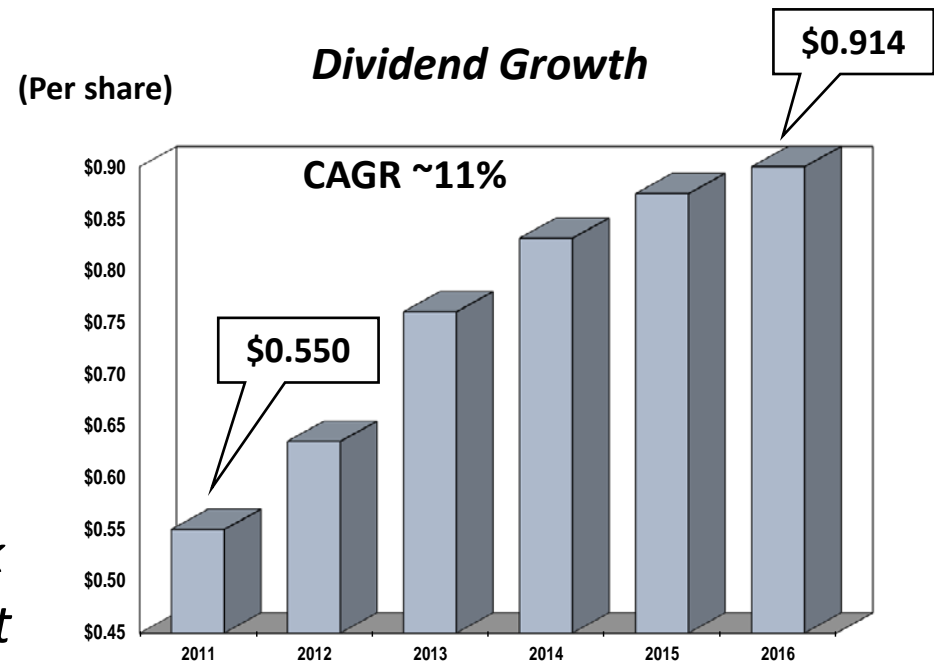


Serving Those Who Serve®

Dividends

- On May 1, 2017, AWR's Board of Directors approved a second quarter dividend of \$0.242 per share.
 - ✓ Payable on June 1, 2017 to shareholders of record at the close of business on May 15, 2017.

- *American States Water Company has paid dividends every year since 1931, increasing the dividend every calendar year for 62 consecutive years, which places it in an exclusive group of companies on the New York Stock Exchange that have achieved that result.*



Questions and Answers

APPENDIX – Reconciliation of GAAP to Non-GAAP



(amounts in millions)	Q1 2017	Q1 2016	Variance
Consolidated Revenues, as reported	\$98.8	\$93.5	\$5.3
Adjustments for items from other periods:			
Q1 '16 impact of delay in water general rate case	—	(\$0.7)	\$0.7
Q1 '17 CPUC approval of incremental drought items	(\$0.3)	—	(\$0.3)
Consolidated Revenues, adjusted	\$98.5	\$92.8	\$5.7
Consolidated Supply Costs, as reported (1)	(\$18.4)	(\$17.6)	(\$0.8)
Q1 '16 impact of delay in water general rate case	—	(\$0.8)	\$0.8
Consolidated Supply Costs, adjusted	(\$18.4)	(\$18.4)	—
Consolidated Other Operation, as reported	(\$6.2)	(\$7.0)	\$0.8
Q1 '17 CPUC approval of incremental drought items	(\$1.2)	—	(\$1.2)
Consolidated Other Operation, adjusted	(\$7.4)	(\$7.0)	(\$0.4)

(1) Consolidated supply costs consist of water purchased, power purchased for pumping, groundwater production assessment, power purchased for resale, and supply cost balancing accounts, as individually reported on the statements of income.