

Financial Results Call Presentation Fourth Quarter and Full Year 2020



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



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 water and electric gross margins, which are computed by subtracting total supply costs from total revenues, and 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. Furthermore, the retroactive earnings impact for fiscal 2018 resulting from the CPUC's final decision on the electric general rate case issued in August 2019, has been excluded when communicating the electric segment's financial results to help facilitate comparisons of the company's performance from period to period.
- 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 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.

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2020 Highlights - Q4 Diluted EPS by Segment



A 20% increase in consolidated diluted EPS over fourth quarter of 2019 with all operating business segments contributing to this increase

	Q4 2020	Q4 2019	Variance
Water	\$0.32	\$0.28	\$0.04
Electric	0.07	0.05	0.02
Contracted Services	0.17	0.12	0.05
AWR (parent)	(0.02)	—	(0.02)
Consolidated EPS	\$0.54	\$0.45	\$0.09

- Consolidated diluted earnings:
 - 2020 \$2.33 per share
 - 2019 \$2.24 per share, excluding a \$0.04 retroactive adjustment recorded in 2019 due to the retroactive impact of the August 2019 CPUC decision on the electric general rate case related to 2018
- AWR achieved a consolidated return on equity of 13.9%
- GSWC filed a water general rate case to set new rates for the years 2022-2024
- AWR increased the annual dividend by nearly 10%, reaching 66 consecutive years of annual dividend increases

2020 Highlights (Continued)

- We continued providing essential and reliable water, wastewater and electric services to our customers during the COVID-19 pandemic
- Our regulated utilities invested \$123 million in company-funded capital projects
- We continue to perform necessary construction work at the military bases we serve, and are well positioned to win more contracts in the coming years
- GSWC's supplier diversity results were well above CPUC's requirements for the eighth consecutive year, and ASUS continues to exceed the U.S. government's small business requirements

Q4 Diluted EPS by Segment



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Q4 Operating Revenues by Segment (as reported)



(amounts in millions)	Q4 2020	Q4 2019	Variance
Water*	\$73.4	\$71.7	\$1.7
Electric*	10.1	9.5	0.6
Contracted Services	40.7	31.8	8.9
Total Operating Revenues	\$124.2	\$113.0	\$11.2

* Includes billed surcharges to collect previously incurred costs, and offset by corresponding increases in operating expenses, resulting in no material impact to earnings.

Q4 Expenses* (as reported, excluding income taxes)



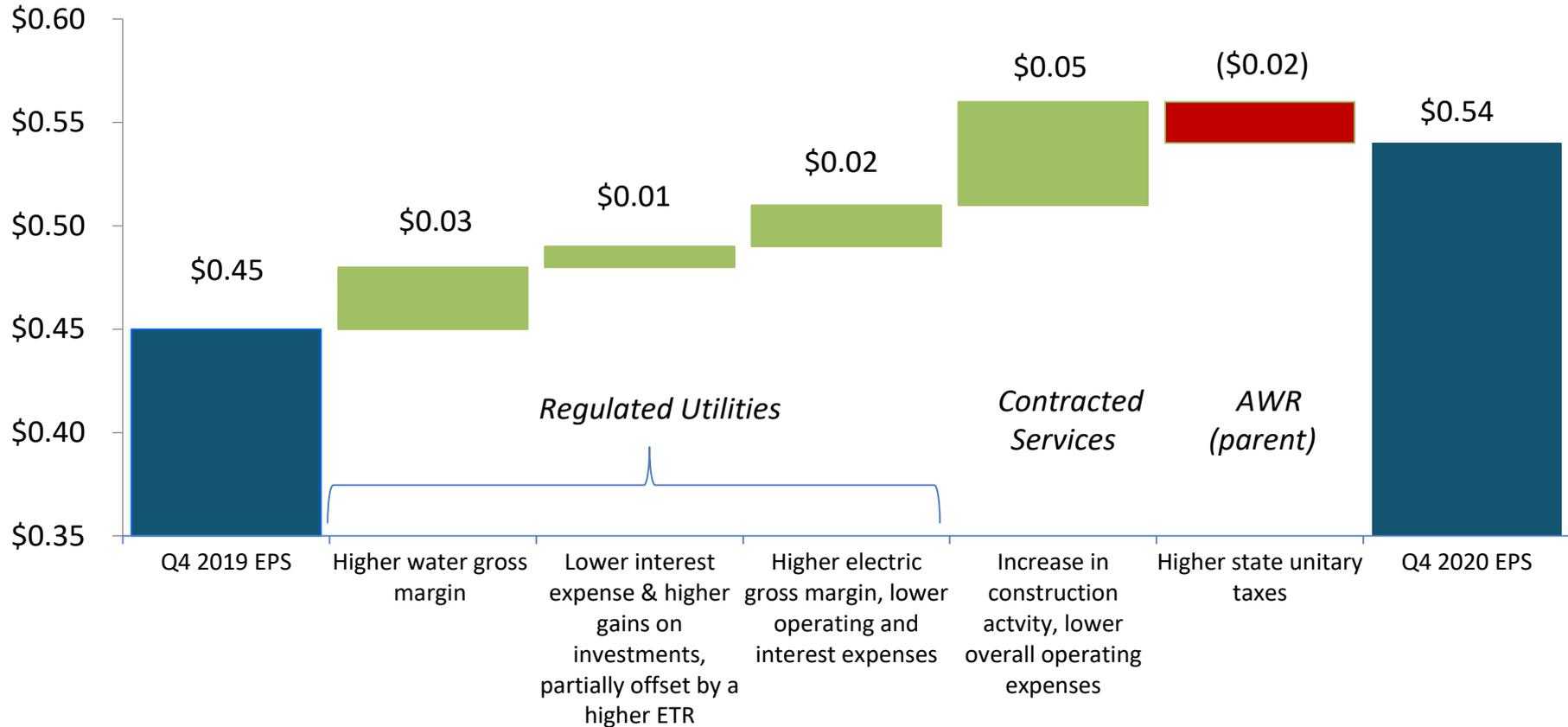
(amounts in millions)	Q4 2020	Q4 2019	Variance
Water and Electric Supply Costs	\$24.1	\$23.2	\$0.9
Other Operation	8.7	8.2	0.5
Administrative and General	19.6	21.2	(1.6)
Depreciation and Amortization	9.7	8.9	0.8
Maintenance	3.5	5.7	(2.2)
Property and Other Taxes	6.1	5.0	1.1
ASUS Construction	23.2	16.0	7.2
Total Operating Expenses**	\$94.9	\$88.3	\$6.6
Other (Income) and Expense***	\$2.1	\$3.9	(\$1.8)

* Includes increases in operating expense of \$0.8 million and \$1.6 million for Q4 2020 and Q4 2019, respectively, for billed surcharges to collect previously incurred costs, resulting in no material impact to earnings.

** The sum of the individual expense items do not agree to the total due to rounding

*** includes interest expense, interest income and other income (including gains on investments to fund a retirement plan)

EPS Bridge Q4 2019 to Q4 2020



Diluted EPS by Segment for the Year

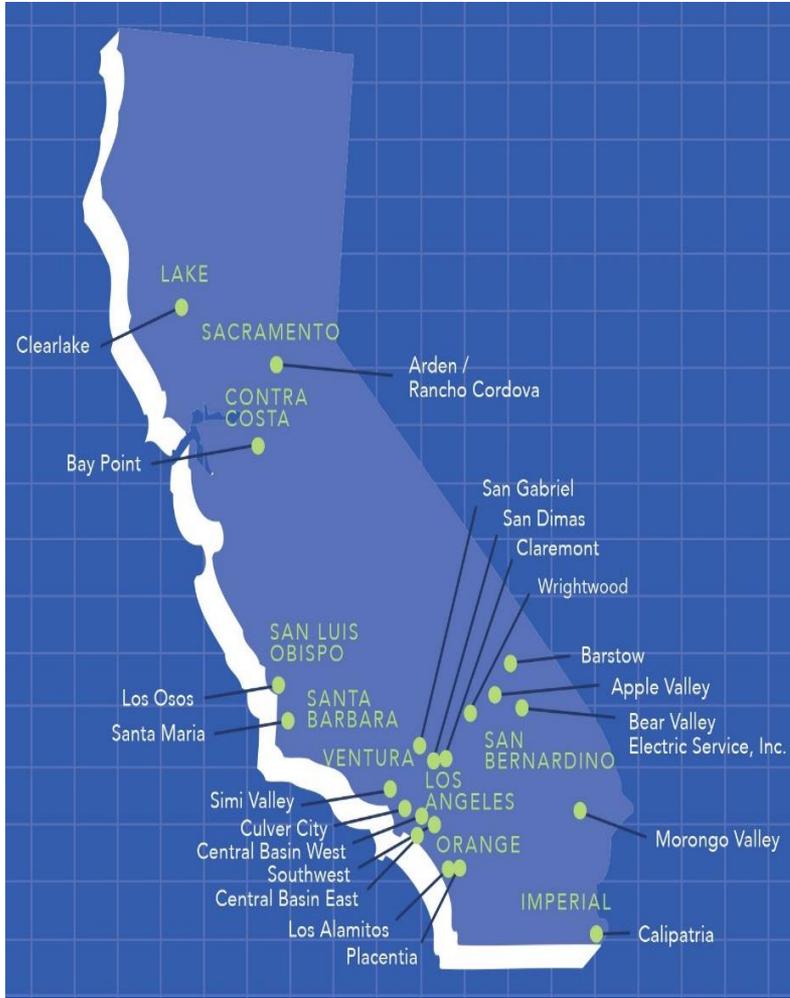


	2020	2019	Variance
Water	\$1.66	\$1.61	\$0.05
Electric, adjusted (2019 excludes retroactive impact of CPUC decision in the general rate case related to 2018)	0.20	0.15	0.05
Contracted Services	0.47	0.47	—
AWR (parent)	—	0.01	(0.01)
Consolidated EPS, adjusted	\$2.33	\$2.24	\$0.09
Retroactive impact of CPUC decision in the electric general rate case related to 2018	—	0.04	(0.04)
Consolidated EPS, as reported	\$2.33	\$2.28	\$0.05

- Operating cash flows for 2020 increased to \$122.2 million from \$116.9 million in 2019 primarily due to:
 - \$7.2 million of refunds to customers in 2019 related to the 2017 Tax Cuts and Jobs Act
 - Higher customer rates and usage

These increases were partially offset by lower cash flows from accounts receivable due to the impact of COVID-19 and the timing of billings of and cash receipts for construction work at military bases
- Regulated utilities invested \$123.4 million of company-funded capital work
 - Capital expenditures for 2021 are expected to be \$120-\$135 million for our regulated utilities
- At this time, there are no plans to issue equity

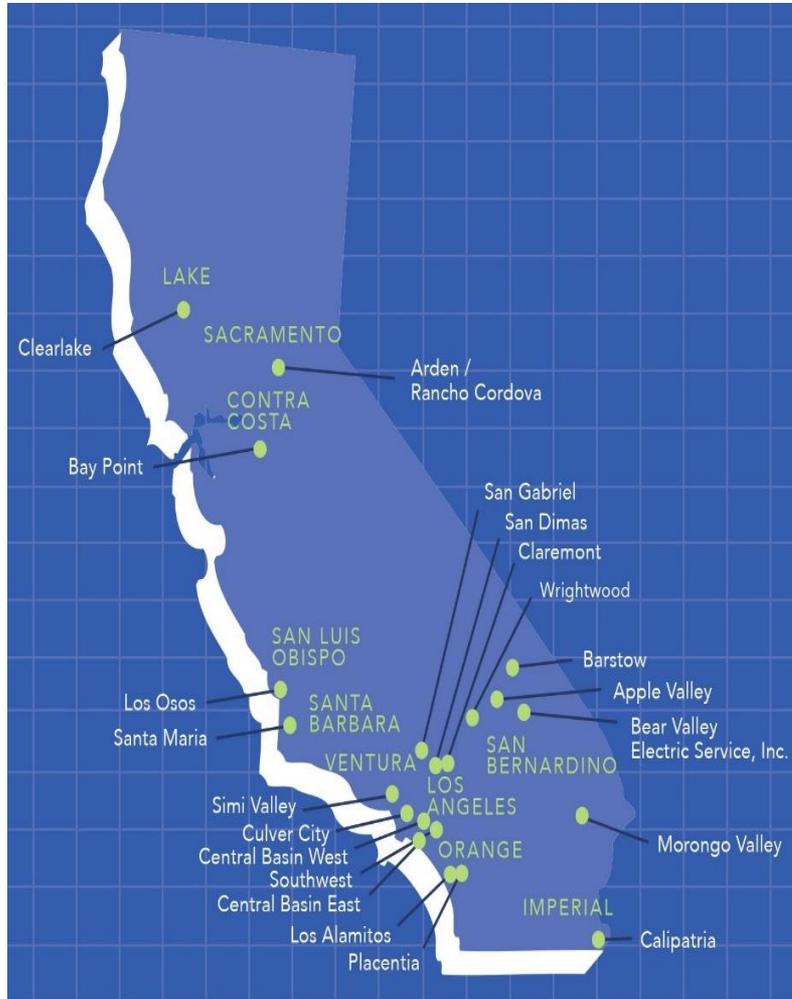
Regulated Activity



Regulated Utilities' Customer Service Areas

- As a result of the earnings test, the CPUC approved all of the third-year water rate increases effective January 1, 2021 which are expected to increase the water gross margin by \$11.1 million in 2021
- In July 2020, GSWC filed a general rate case application for all water regions and the general office for new rates for the years 2022, 2023 and 2024:
 - Application includes capital budget requests of approximately \$450.6 million for the three-year rate cycle, and another \$11.4 million of capital projects to be filed for revenue recovery through advice letters once those projects are completed
 - A final decision is scheduled for the fourth quarter of 2021 with new rates effective January 1, 2022

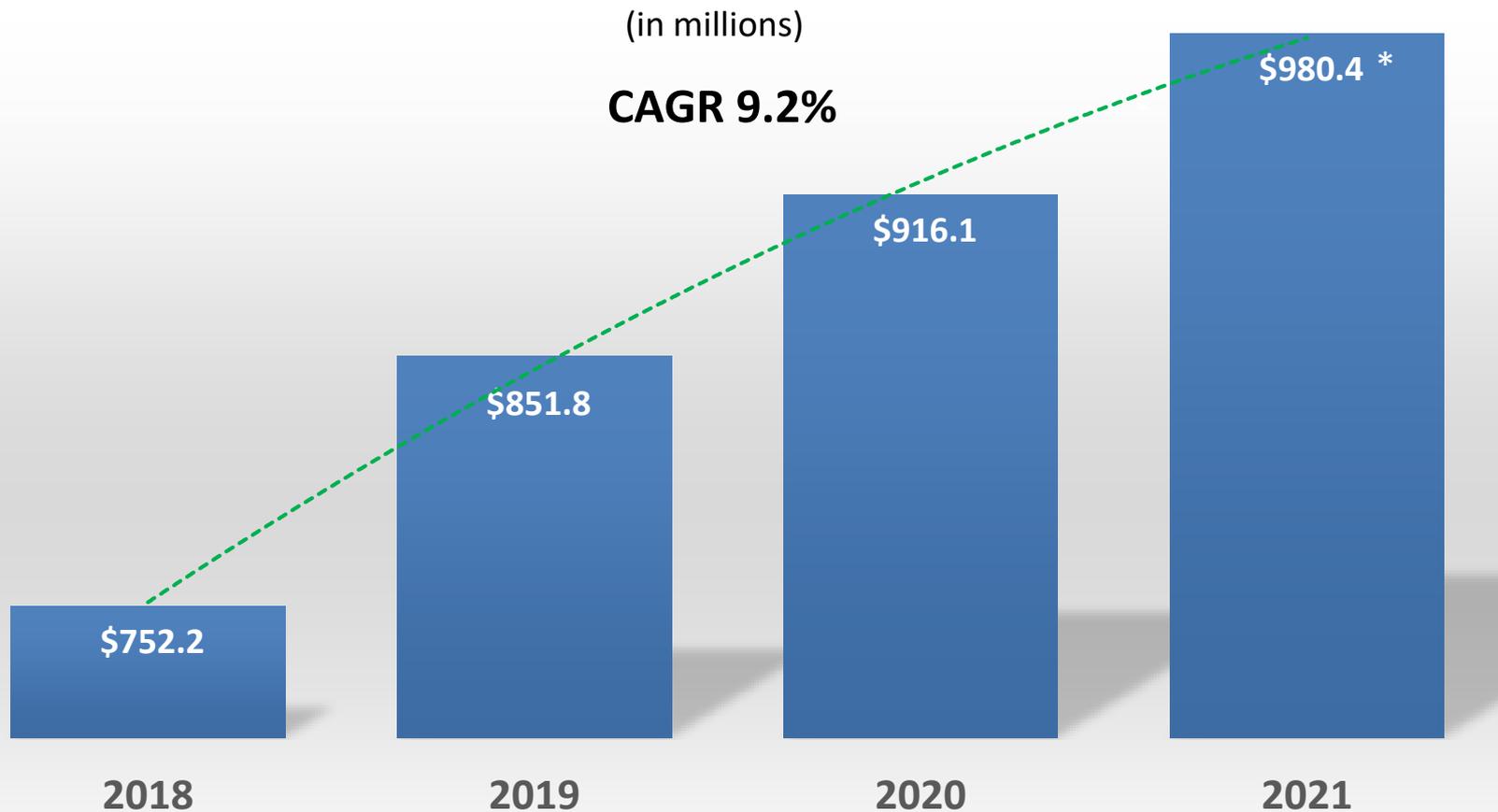
Regulated Activity (Continued)



- In a February 2021 procedural hearing held in GSWC's pending water general rate case, the assigned administrative law judge confirmed GSWC's continued use of the WRAM and MCBA mechanisms through the year 2024
- In January 2021, GSWC requested a one-year extension on its 2021 cost of capital application. On February 22, CPUC denied the request. GSWC will file its next cost of capital application by May 1, 2021, and will be effective January 1, 2022.

Regulated Utilities' Customer Service Areas

Adopted Average Water Rate Base



* Does not include \$20.4 million in advice letter projects

Contracted Services (ASUS)

- Fiscal 2020 earnings increased \$0.01 per share after excluding the \$0.01 retroactive earnings from 2019 relating to periods prior to 2019
 - Achieved higher earnings in 2020 despite weather delays and slowdown in permitting for construction projects and government funding for new capital projects during 2020
- Awarded \$15.5 million in new construction projects during 2020 for completion in 2020 and 2021
- Well positioned to compete for new military privatization contracts
- ASUS projected to contribute \$0.45-\$0.49 per share in 2021

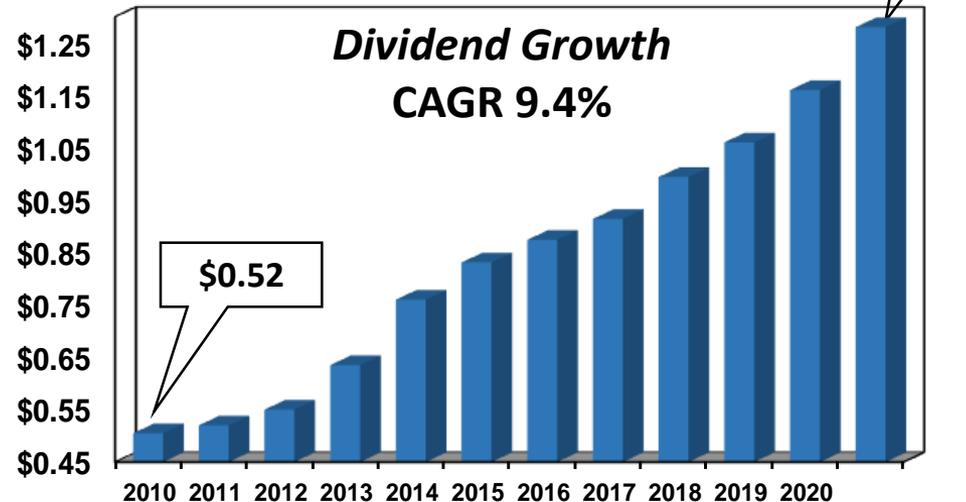


Serving Those Who Serve®

Dividends

- Increased annual dividend in 2020 by 9.8% to \$1.34 per share
- Dividends paid every year **since 1931**
- Declared 2021 first quarter dividend of \$0.335 per share
- Increased the dividend every calendar year for **66 consecutive years**
- Dividend policy: More than 7% CAGR over the long term

(Per share)



Questions and Answers