

Financial Results Call Presentation

First Quarter 2020



American States
Water Company

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NYSE: AWR

Today's Presenters

Robert J. Sprowls

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.
- 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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- We continue to serve our customers and provide high quality water, electric and wastewater services
- GSWC is suspending service disconnections for non-payment through April 2021 and waiving fees and deposit requirements for affected customers
- Employees are working remotely when possible
- CPUC has authorized our water and electric businesses to track incremental costs incurred as a result of the COVID-19 pandemic in a catastrophic event memorandum account for future recovery, resulting in no impact to earnings
- No significant impact to operations have been experienced by ASUS

Q1 2020 Highlights

- Q1 2020 earnings were \$0.38 per diluted share, \$0.03 per share, or 8.6% increase over the same period last year
- Water segment earnings increased \$0.03 per share as compared to the first quarter of 2019. Excluding an \$0.08 per share decrease due to losses on investment to fund a retirement plan from recent market conditions, adjusted earnings increased by \$0.11 per share as compared to the first quarter of 2019.
- Electric segment's earnings increased \$0.03 per share as compared to the first quarter of 2019
- Capital expenditures were \$23.2 million for the first three months of 2020. We expect to spend \$115-\$130 million in 2020, barring any delays resulting from changes in capital improvements schedule due to the COVID-19 pandemic.

Q1 Diluted EPS by Segment



	Q1 2020	Q1 2019**	Variance
Water	\$0.24	\$0.21	\$0.03
Electric	0.06	0.03	0.03
Contracted Services	0.08	0.11	(0.03)
Consolidated EPS*	\$0.38	\$0.35	\$0.03

* Q1 2020 includes a \$2.4 million pretax loss on investments held to fund a retirement plan, as compared to \$1.5 million in pretax gains in Q1 2019, a decrease in earnings of \$0.08 per share between the two periods.

** The retroactive impacts of the final decisions on the water and electric general rate cases were recorded in Q2 2019 and Q3 2019, respectively, and included earnings related to Q1 2019 of \$0.08 per share for water and \$0.02 per share for electric.

Q1 Operating Revenues by Segment



(amounts in millions)	Q1 2020	Q1 2019	Variance
Water*	\$71.4	\$64.7	\$6.7
Electric*	11.0	10.6	0.4
Contracted Services	26.7	26.4	0.3
Total Operating Revenues	\$109.1	\$101.7	\$7.4

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

Q1 Expenses* (excluding income taxes)



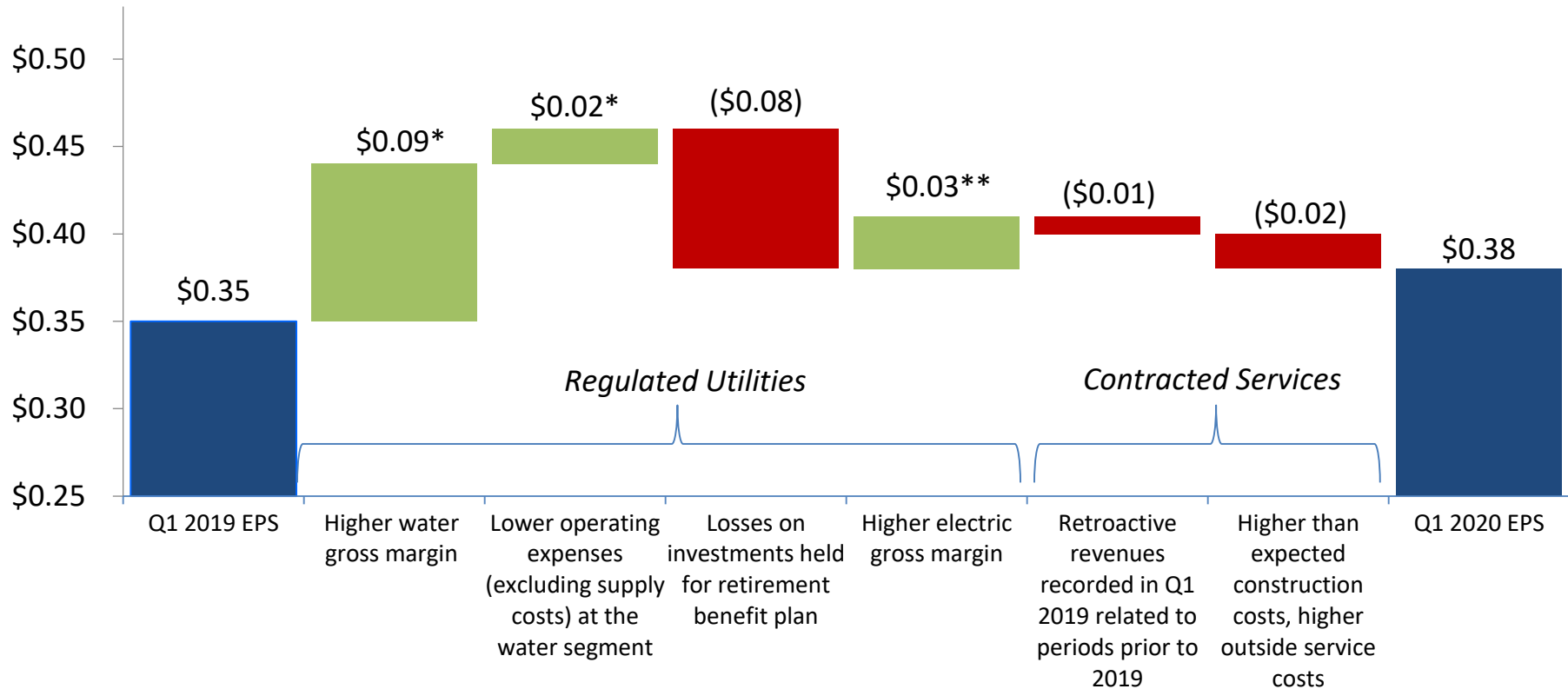
(amounts in millions)	Q1 2020	Q1 2019	Variance
Water and Electric Supply Costs	\$21.0	\$20.8	\$0.2
Other Operation	8.5	8.6	(0.1)
Administrative and General	23.0	21.7	1.3
Depreciation and Amortization	8.8	10.8	(2.0)
Maintenance	3.9	2.6	1.3
Property and Other Taxes	5.2	4.9	0.3
ASUS Construction	13.1	12.2	0.9
Total Operating Expenses**	\$83.4	\$81.5	\$1.9
Interest Expense, net of Interest Income and Other***	\$7.7	\$4.0	\$3.7

* Includes increases in operating expense of \$734,000 and \$291,000 for Q1 2020 and Q1 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 \$2.4 million loss in Q1 2020 and \$1.5 million gain in Q1 2019 on investment held to fund a retirement plan.

EPS Bridge Q1 2019 to Q1 2020



* In May 2019, the CPUC issued a final decision on GSWC's water general rate case, which determined new rates for the years 2019 – 2021 with rates retroactive to January 1, 2019. As a result, GSWC recorded the impact of the final decision in Q2 2019, including earnings of \$0.08 per share that related to Q1 2019.

** In August 2019, the CPUC issued a final decision on GSWC's electric general rate case, which determined new rates for the years 2018 – 2022 with rates retroactive to January 1, 2018. As a result, GSWC recorded the impact of the final decision in Q3 2019, including earnings of \$0.02 per share that related to Q1 2019.

- Operating cash flows for Q1 2020 decreased to \$15.7 million from \$29.4 million in Q1 2019 primarily due to:
 - ✓ Decrease in cash receipts from utility customer accounts receivable due to the economic impact of stay-at-home orders in response to the COVID-19 pandemic
 - ✓ Timing in billings of and cash receipts for construction work at military bases
- GSWC invested \$23.2 million of company-funded capital work during Q1 2020
 - ✓ Capital expenditures for 2020 are expected to be \$115-\$130 million at GSWC, barring any delays caused by COVID-19
- In March 2020, AWR amended its credit facility to increase the borrowing capacity to \$260 million through the end of 2020
- In April 2020, we entered into a commitment letter with a bank to establish a revolving credit facility of up to \$50.0 million effective in June 2020 for a period of three years, to support the electric business operations and capital expenditures
- At this time, there are no plans to issue equity

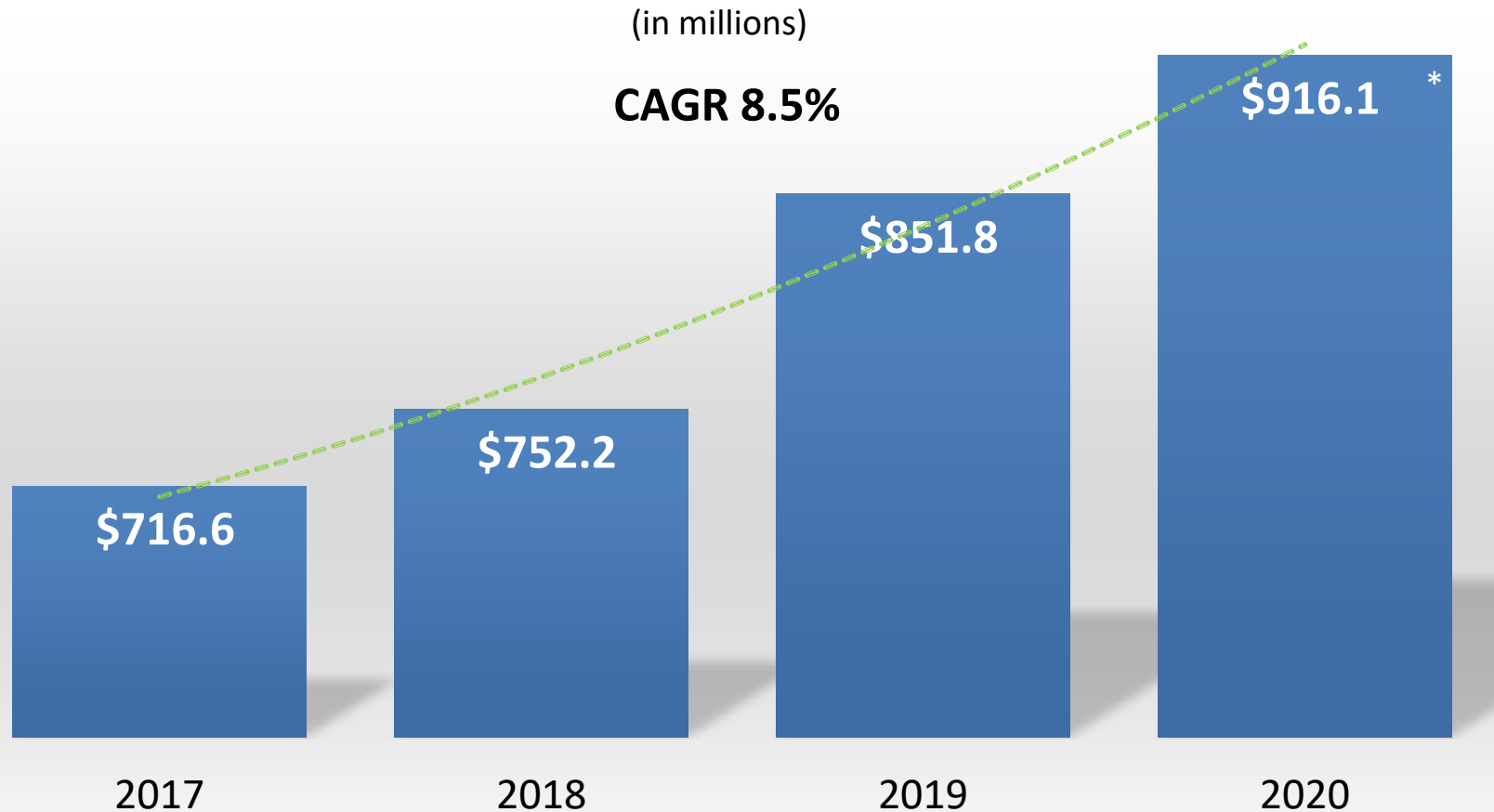
Regulated Activity (GSWC)



Golden State Water Company Customer Service Areas

- In April 2020, the CPUC issued a proposed decision on GSWC's finance application, authorizing GSWC's request for debt and equity issuances not to exceed \$465 million. A final decision from the CPUC on the application is expected in the second quarter of 2020. GSWC intends to issue long-term debt in 2020 once a final decision is issued.
- On March 11, 2020, the CPUC approved a request to defer GSWC's cost of capital application by one year, until May 1, 2021, with a corresponding effective date of January 1, 2022. GSWC's current authorized rate of return on rate base is 7.91% with a capital structure of 57% equity and 43% debt
- Our next water general rate case to be filed in July 2020 for new rates beginning in 2022

Adopted Average Water Rate Base



Note: The water segment has seen record high levels of capital spend in the last two years with over \$230 million in infrastructure investment resulting in a 2-year compound annual growth rate in rate base of over 10%.

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

Contracted Services (ASUS)

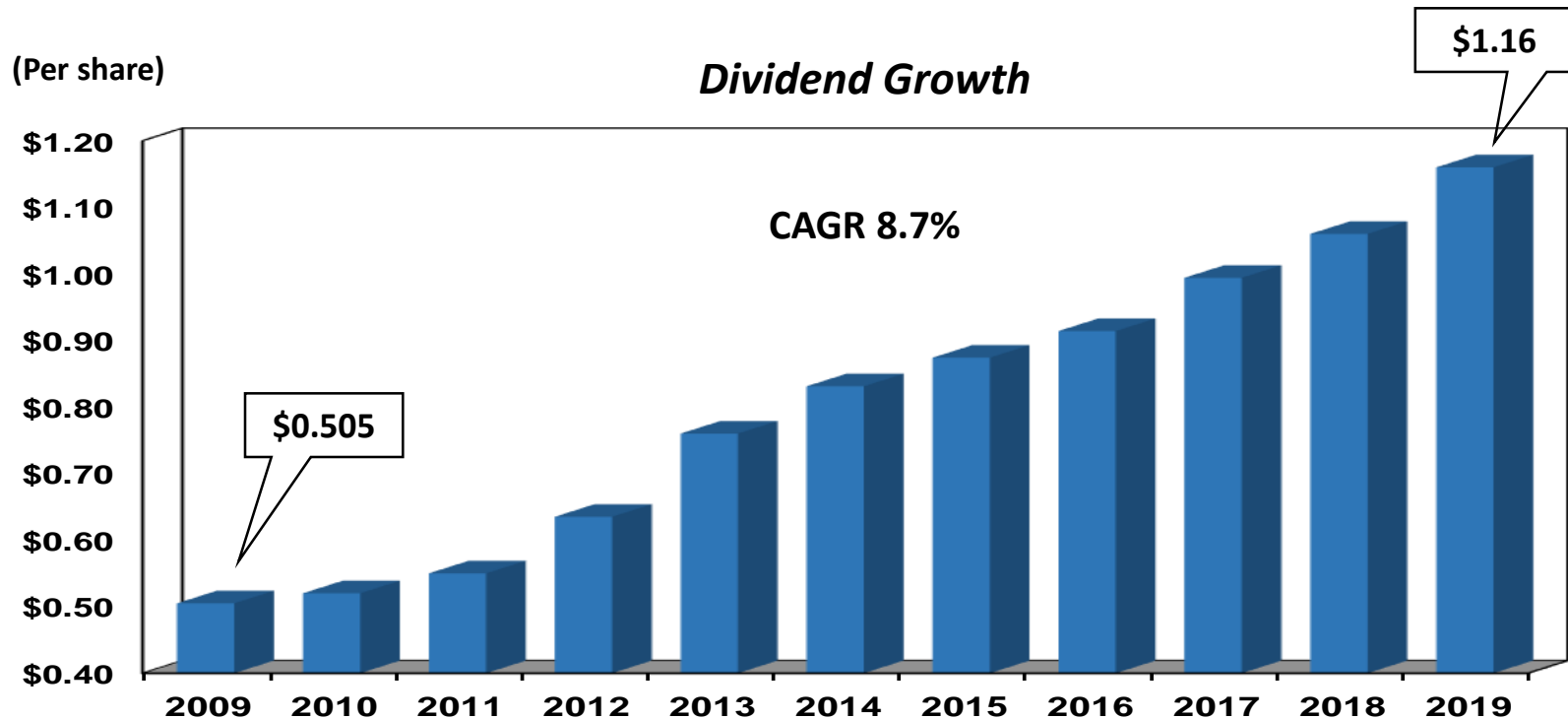
- Earnings were \$0.08 per share, \$0.03 lower than the prior year
 - Q1 2019 included \$0.01 per share in retroactive revenues, with no retroactive revenues recorded during Q1 2020
 - Higher than expected construction costs incurred on several construction projects, and higher outside service costs
 - Increase in management fee revenues
- ASUS projected to contribute \$0.46-\$0.50 per share in 2020
- Well positioned to compete for new military privatization contracts



Serving Those Who Serve®

Dividends

- Declared 2020 second quarter dividend of \$0.305 per share
- Increased annual dividend in 2019 by 10.9% to \$1.22 per share
- Dividends paid every year **since 1931**
- Increased the dividend every calendar year for **65 consecutive years**
- Dividend policy: More than 7% CAGR over the long term



Questions and Answers