

Financial Results Call Presentation

Third Quarter 2023



American States
Water Company

November 7, 2023

NYSE: AWR

Today's Presenters

Robert J. Sprowls

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 gains and losses generated on the investments held to fund one of the Company's retirement plans during the nine months ended September 30, 2023 and 2022 have been excluded when communicating the results to help facilitate comparisons of AWR's performance from period to period. Also, the impact of retroactive rates related to the full year 2022 recorded during the nine months ended September 30, 2023, resulting from the final decision on the water general rate case, and the impact from the estimates recorded in 2022 and changes in estimates recorded in 2023, following the receipt of a final cost of capital decision in June of 2023 have been excluded when communicating AWR's consolidated and water segment's results for the three months ended September 30, 2022 and the nine months ended September 30, 2023 and 2022 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 measures are provided in this presentation.

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Q3 2023 Highlights

- Recorded diluted earnings per share increased \$0.16, or a \$0.12 per share increase as adjusted comparing Q3 2023 to Q3 2022. Adjusted diluted earnings per share removes a favorable variance of \$0.04 per share resulting from the impact of the estimate made in Q3 2022 for revenues subject to refund related to the pending cost of capital
- Filed a new general rate case application for GSWC with the CPUC to determine new rates for 2025-2027 and requested capital budgets of \$611.4 million
- GSWC filed and received approval on the triggering of the WCCM for 2024 which will increase the authorized ROE from 9.36% to 10.06% effective January 1, 2024
- Plan to spend \$155-\$170 million this year in infrastructure investments at our regulated utilities
- ASUS was awarded two new contracts by the U.S. Government to operate water and wastewater facilities
 - ✓ 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 initial firm fixed-price value of \$45 million through the issuance of periodic task orders

Q3 Diluted EPS by Segment

	Q3 2023	Q3 2022	Variance
Water	\$ 0.72	\$ 0.54	\$ 0.18
Electric	0.04	0.04	-
Contracted Services	0.12	0.12	-
AWR (Parent)	(0.02)	(0.01)	(0.01)
Consolidated Diluted EPS as reported (GAAP)	\$ 0.85	\$ 0.69	\$ 0.16
Adjustments:			
Impact of revenues subject to refund ⁽¹⁾	-	0.04	(0.04)
Consolidated Diluted EPS as adjusted (Non-GAAP)	\$ 0.85	\$ 0.73	\$ 0.12
Water Diluted EPS as adjusted (Non-GAAP)	\$ 0.72	\$ 0.58	\$ 0.14

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

- (1) EPS for Q3 2022 includes lower revenues of \$1.9 million, or a decrease in earnings of \$0.04 per share, for revenues subject to refund, which was reversed in the second quarter of 2023 based on the final decision on the cost of capital proceeding.

Q3 Operating Revenues by Segment

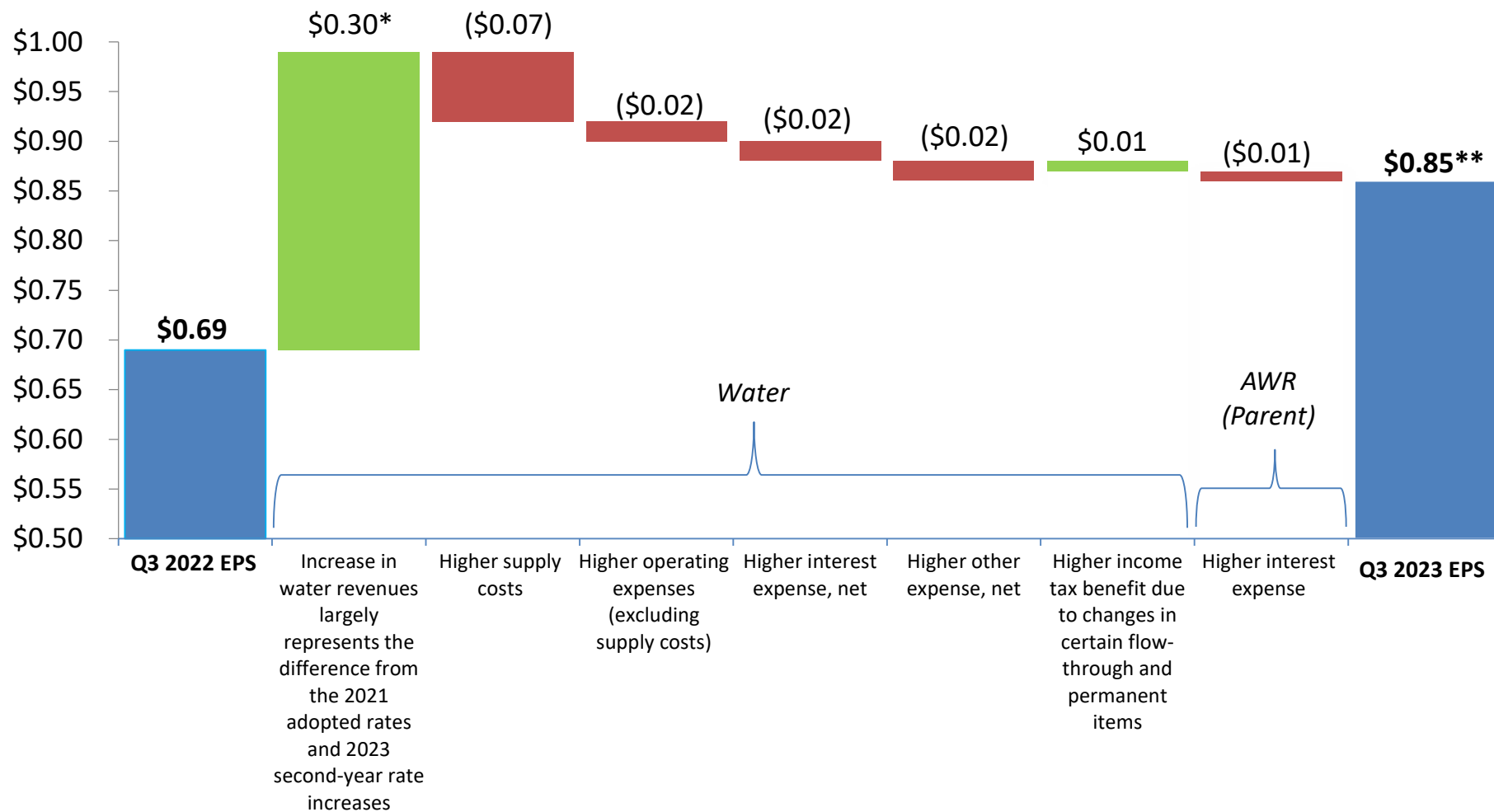
(amounts in millions)	Q3 2023	Q3 2022	Variance
Water	\$116.2	\$100.8	\$15.4
Electric	9.0	8.9	0.1
Contracted Services	26.5	25.3	1.2
Total Operating Revenues	\$151.7	\$135.0	\$16.7

Q3 Expenses (Excluding income taxes)

(amounts in millions)	Q3 2023	Q3 2022	Variance
Water and Electric Supply Costs	\$36.6	\$33.1	\$3.5
Other Operation	10.4	9.7	0.7
Administrative and General	21.0	21.6	(0.6)
Depreciation and Amortization	10.2	10.1	0.1
Maintenance	4.1	3.4	0.7
Property and Other Taxes	6.0	5.9	0.1
ASUS Construction	11.6	10.7	0.9
Total Operating Expenses*	\$99.9	\$94.6	\$5.3
Interest Expense, net of Interest Income	\$9.6	\$6.7	\$2.9
Other Expense, net of (Other Income)	\$1.1	(\$0.3)	\$1.4

* Certain amounts in the line item do not total due to rounding.

EPS Bridge Q3 2022 to Q3 2023



* Increase in water revenues include the impact of lower revenues recorded during Q3 2022 of \$0.04 per share related to revenues subject to refund.

**Amount does not total due to rounding.

YTD Diluted EPS by Segment

	YTD 2023	YTD 2022	Variance
Water	\$ 2.36	\$ 1.17	\$ 1.19
Electric	0.14	0.16	(0.02)
Contracted Services	0.38	0.29	0.09
AWR (Parent)	(0.06)	(0.01)	(0.05)
Consolidated Diluted EPS as reported (GAAP)	\$ 2.82	\$ 1.61	\$ 1.21
Adjustments:			
Impact of retroactive rates from the final decision in the water general rate case related to the full year of 2022 ⁽¹⁾	(0.38)	-	(0.38)
Impact related to final cost of capital proceeding ⁽²⁾	(0.13)	0.10	(0.23)
(Gains) losses on investments held for a retirement plan recorded to water segment ⁽³⁾	(0.04)	0.13	(0.17)
Consolidated Diluted EPS as adjusted (Non-GAAP)	\$ 2.27	\$ 1.84	\$ 0.43
Water Diluted EPS as adjusted (Non-GAAP)	\$ 1.81	\$ 1.40	\$ 0.41

(1) Approximately \$0.30 per share of the total \$0.38 per share relates to YTD 2022.

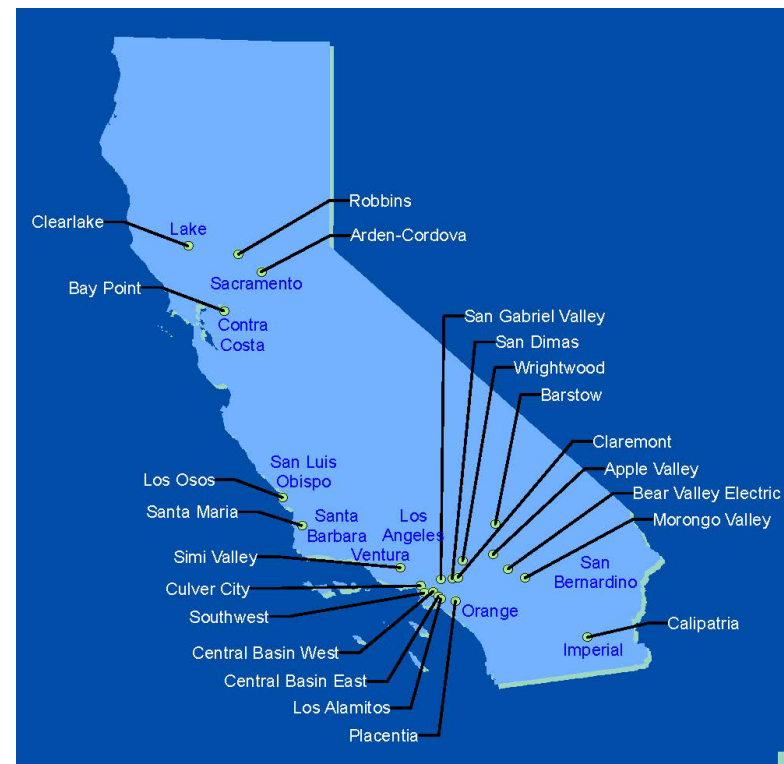
(2) YTD 2023 includes the reversal of revenues subject to refund of \$0.13 per share recorded in Q2 2023, due to a change in estimate from what had been recorded in 2022, of which \$0.10 per share was recorded in the first nine months of 2022.

(3) EPS for YTD 2023 includes gains of \$2.1 million on investments held to fund a retirement plan, or \$0.04 per share, compared to losses of \$6.4 million for YTD 2022, or \$0.13 per share.

- Operating cash flows were \$56.5 million for YTD 2023, as compared to \$89.9 million for YTD 2022 largely from a delay in the water GRC and lower water consumption
 - ✓ GSWC has implemented:
 - new 2023 rate increases;
 - surcharges to recover all retroactive revenues accumulated since 2022 through July 30, 2023 (implemented in October 2023);
- Investing Activities:
 - ✓ Regulated utilities to spend \$155-\$170 million in infrastructure investments in 2023
- Financing Activities:
 - ✓ In November 2023, we executed an amendment to AWR's credit facility that allowed for the addition of a new bank joining the existing syndicate group. As a result, AWR's borrowing capacity increases from \$150 million to \$165 million.
- 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

- On June 29, 2023, CPUC adopted a final decision in GSWC's general rate case application for all water regions and its general office determining new water rates for the years 2022–2024. The final decision is consistent in all material respects with the proposed decision issued in April 2023.
 - ✓ Authorizes \$404.8 million in capital infrastructure over the 3-year period
 - ✓ Increases 2022 adopted revenues by \$30.3 million and increases 2022 adopted supply costs by \$9.6 million as compared to the 2021 adopted levels, or combined \$0.40 per share
 - ✓ Adopts new operating expense levels for 2022 including higher depreciation expense of \$790,000, or \$0.02 per share, resulting from overall higher composite depreciation rates
 - ✓ Allows for additional increases in adopted revenues for 2023 and 2024 subject to an earnings test and changes to the inflationary index values
- In August 2023, GSWC filed its water general rate case for water rates in 2025-2027 and requested capital budgets of approximately \$611.4 million over the rate cycle.



Regulated Utilities - Customer Service Areas

Regulatory Activity (Continued)

- On June 29, 2023, the CPUC adopted a final decision that:
 - ✓ adopts GSWC's requested capital structure of 57% equity/43% debt and cost of debt of 5.1% filed in the application;
 - ✓ adopts a return on equity of 8.85% for GSWC as compared to 8.9% previously authorized;
 - ✓ allows for the continuation of the Water Cost of Capital Mechanism ("WCCM") through December 31, 2024; and
 - ✓ adopts the new cost of capital prospectively through December 31, 2024.
- Water Cost of Capital Mechanism
 - ✓ For the periods from October 1, 2021 to September 30, 2022 and October 1, 2022 to September 30, 2023, the Moody's Aa utility bond rate increased by 102.8 and 139.7 basis points from the benchmark, respectively, which triggered the WCCM adjustment
 - On June 30, 2023, GSWC filed an advice letter to establish the WCCM for 2023, which will increase GSWC's 8.85% adopted return on equity in the decision to 9.36% effective July 31, 2023.
 - On October 12, 2023, GSWC filed an advice letter to establish the WCCM for 2024, which has been approved by the CPUC and will increase GSWC's 9.36% adopted return on equity to 10.06% effective January 1, 2024.

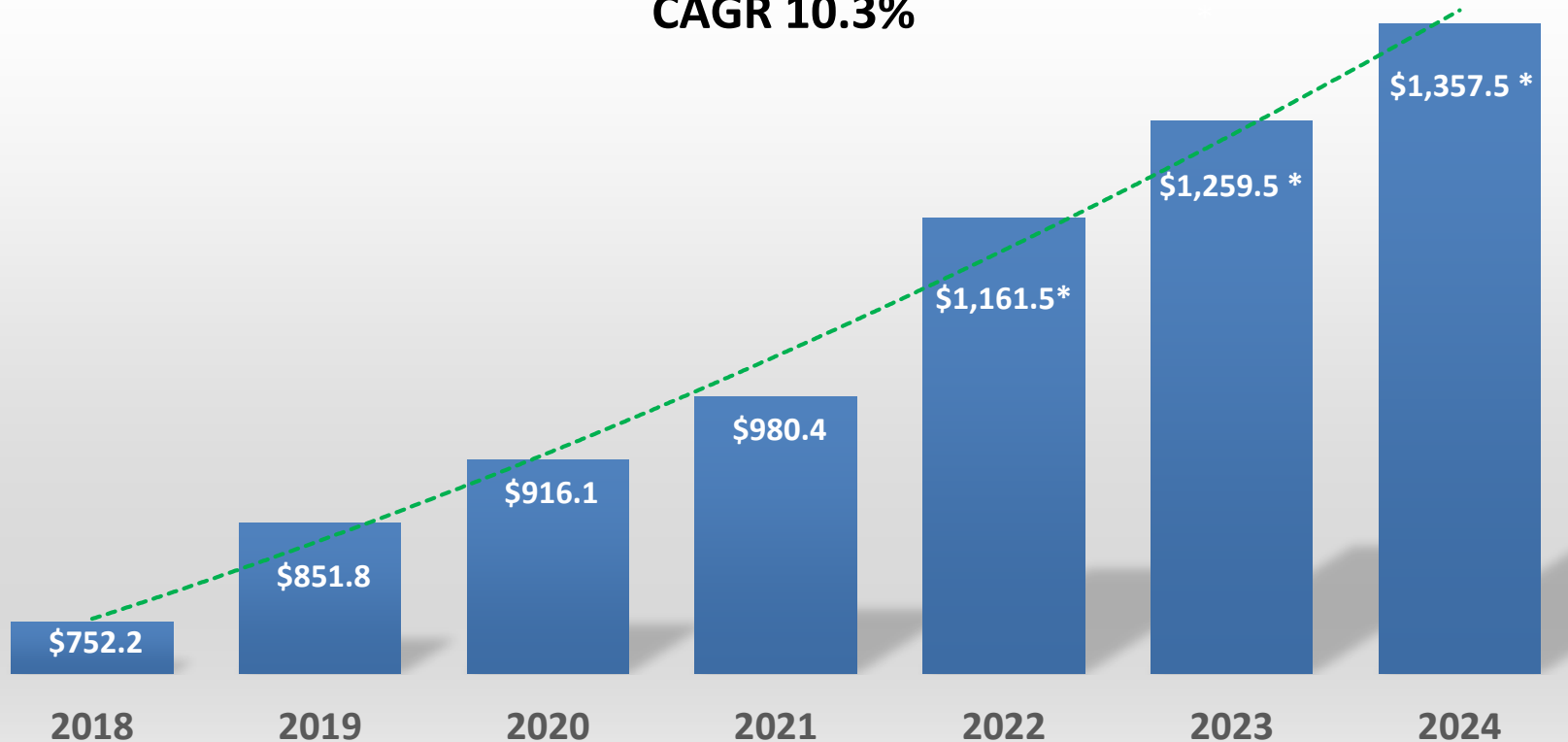
Regulatory Activity (Continued)

- On August 30, 2022, BVES filed a general rate case to set new rates for the years 2023-2026. In addition, BVES requested:
 - ✓ 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 \$22 million in capital spend related to wildfire mitigation plans.

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)

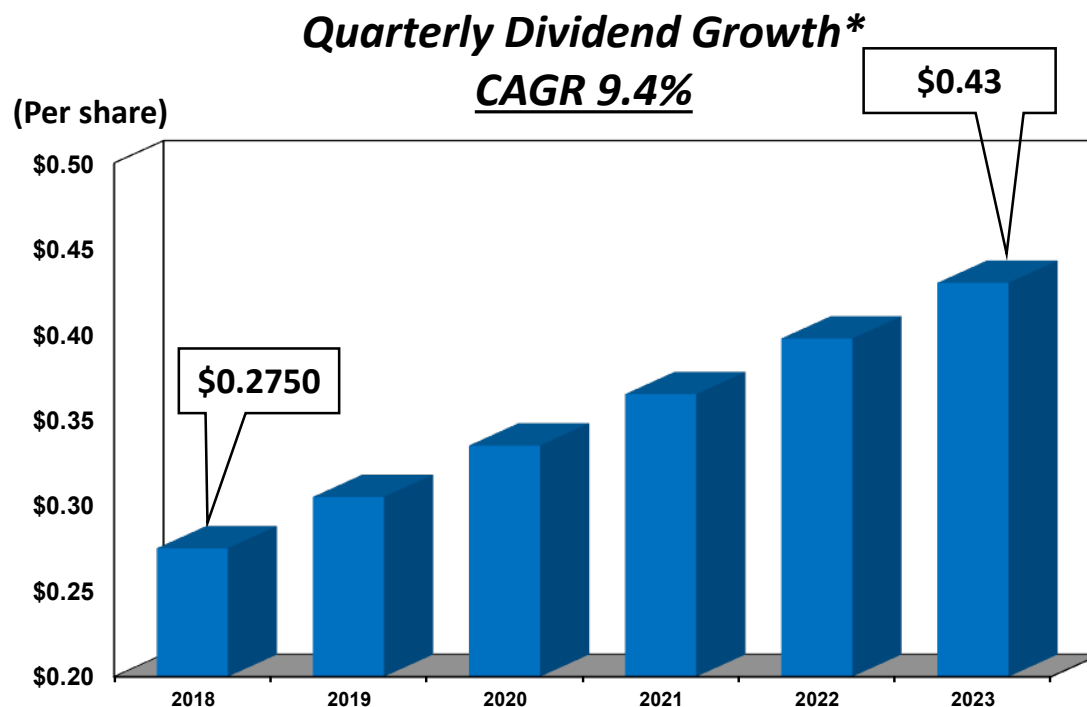
- Earnings for Q3 2023 and 2022 were \$0.12 per share.
- Earnings for year-to-date September 30, 2023 were \$0.38 per share as compared to \$0.29 per share for the same period last year. The increase was largely due to an increase in construction activity during the first nine months of the year as compared to the same period in 2022 due to timing differences of when construction work was performed. We project that ASUS will contribute \$0.45-\$0.49 per share for 2023.
- ASUS was awarded two new contracts by the U.S. Government
 - ✓ 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 initial firm fixed-price value of \$45 million
- It is projected that ASUS will contribute \$0.48 - \$0.52 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



Serving Those Who Serve®

Dividends

- The Board of Directors approved a fourth quarter cash dividend of \$0.43 per share
- Dividend policy: CAGR of **more than 7%** over the long term
- 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 Measure



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 and nine months ended September 30, 2023 and 2022:

	Water		Electric		Contracted Services		AWR (Parent)		Consolidated (GAAP)	
In 000's except per share amounts	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
Operating income	\$ 43,243	\$ 32,451	\$ 2,049	\$ 2,337	\$ 6,204	\$ 5,553	\$ 255	\$ (1)	\$ 51,751	\$ 40,340
Other (income) and expense	7,820	5,695	754	243	428	(65)	1,637	453	10,639	6,326
Income tax expense (benefit)	8,830	6,831	(154)	478	1,430	1,347	(559)	(296)	9,547	8,360
Net income (loss)	\$ 26,593	\$ 19,925	\$ 1,449	\$ 1,616	\$ 4,346	\$ 4,271	\$ (823)	\$ (158)	\$ 31,565	\$ 25,654
Weighted Average Number of Diluted Shares	37,071	37,042	37,071	37,042	37,071	37,042	37,071	37,042	37,071	37,042
Diluted earnings (loss) per share	\$ 0.72	\$ 0.54	\$ 0.04	\$ 0.04	\$ 0.12	\$ 0.12	\$ (0.02)	\$ (0.01)	\$ 0.85	\$ 0.69

	Water		Electric		Contracted Services		AWR (Parent)		Consolidated (GAAP)	
In 000's except per share amounts	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022	YTD 2023	YTD 2022
Operating income	\$ 134,006	\$ 77,161	\$ 7,783	\$ 7,973	\$ 19,854	\$ 13,894	\$ 218	\$ (6)	\$ 161,861	\$ 99,022
Other income and (expense)	16,743	19,158	1,959	431	1,042	(374)	4,121	1,014	23,865	20,229
Income tax expense (benefit)	29,674	14,623	794	1,645	4,621	3,399	(1,586)	(641)	33,503	19,026
Net income (loss)	\$ 87,589	\$ 43,380	\$ 5,030	\$ 5,897	\$ 14,191	\$ 10,869	\$ (2,317)	\$ (379)	\$ 104,493	\$ 59,767
Weighted Average Number of Diluted Shares	37,064	37,034	37,064	37,034	37,064	37,034	37,064	37,034	37,064	37,034
Diluted earnings (loss) per share	\$ 2.36	\$ 1.17	\$ 0.14	\$ 0.16	\$ 0.38	\$ 0.29	\$ (0.06)	\$ (0.01)	\$ 2.82	\$ 1.61

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