



# Investor Presentation March 2022

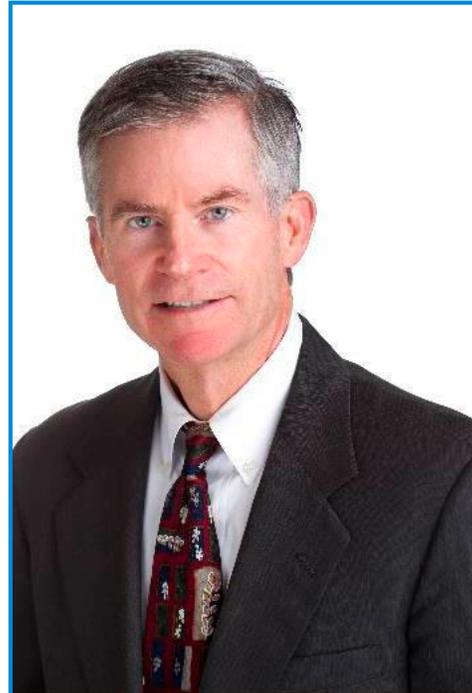
*SJW Group*



# On Today's Call



**Eric Thornburg**  
Chair, President  
and CEO



**Jim Lynch**  
Chief Accounting  
Officer



**Andrew Walters**  
Chief Financial Officer

# Forward-Looking Statements

## Safe Harbor

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Some of these forward-looking statements can be identified by the use of forward-looking words such as "believes," "expects," "may," "will," "should," "seeks," "approximately," "intends," "plans," "estimates," "projects," "strategy," or "anticipates," or the negative of those words or other comparable terminology. These forward looking statements are only predictions and are subject to risks, uncertainties and assumptions that are difficult to predict.

The accuracy of such statements is subject to a number of risks, uncertainties and assumptions including, but not limited to, the following factors: (1) the effect of water, utility, environmental and other governmental policies and regulations, including actions concerning rates, authorized return on equity, authorized capital structures, capital expenditures and other decisions; (2) changes in demand for water and other services; (3) the impact of the Coronavirus ("COVID-19") pandemic on our business operations and financial results; (4) unanticipated weather conditions and changes in seasonality, including those affecting water supply and customer usage; (5) climate change and the effects thereof; (6) unexpected costs, charges or expenses; (7) our ability to successfully evaluate investments in new business and growth initiatives; (8) contamination of our water supplies and damage or failure of our water equipment and infrastructure, (9) the risk of work stoppages, strikes and other labor-related actions; (10) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, epidemic or similar occurrences; (11) changes in general economic, political, business and financial market conditions; (12) the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, changes in interest rates, compliance with regulatory requirements, compliance with the terms and conditions of our outstanding indebtedness, and general market and economic conditions; and (13) legislative and general market and economic developments.

Results for a quarter are not indicative of results for a full year due to seasonality and other factors. In addition, actual results are subject to other risks and uncertainties that relate more broadly to our overall business, including those more fully described in our filings with the SEC, including our most recent reports on Form 10-K, Form 10-Q and Form 8-K. Forward-looking statements are not guarantees of performance. All information included in this presentation is as of December 31, 2021, unless stated otherwise, and we undertake no obligation to update or revise any forward-looking statements except as required by law.

## Use of Non-GAAP Financial Information

In this presentation, the Company will be discussing the non-GAAP financial measure of Adjusted EBITDA, which is adjusted from results based on GAAP. This non-GAAP financial measure is provided to enhance the investors' overall understanding of the Company's current financial performance and the Company's prospects for the future. We have presented Adjusted EBITDA because we believe it serves as an appropriate measure to be used in evaluating the performance of our business and help our investors better compare our operating performance over multiple periods and that the exclusion of the amounts eliminated in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business performance.

Non-GAAP measures should not be viewed as a substitute for the Company's financial statements prepared in accordance with GAAP. The Company's use of non-GAAP financial measures has certain limitations in that such non-GAAP financial measures may not be directly comparable to those reported by other companies. Other companies may use the same or similarly named measures, but exclude different items, which may not provide investors with a comparable view of our performance in relation to other companies. We seek to compensate for the limitation of the non-GAAP presentation by providing a detailed reconciliation of Adjusted EBITDA to net income in Appendix 1.

# Leadership Team

Experienced, Record of Execution, Regional Focus and Dedication

Leveraged expertise across the multistate platform with a commitment to local communities

**Eric W. Thornburg**  
Chairman, President and  
Chief Executive Officer  
*39 years of water utility  
experience*



**Jim Lynch**  
Chief Accounting Officer  
*17 years of water utility  
experience*



**Andrew Walters**  
Chief Financial Officer and  
Treasurer  
*20 years of utility experience*



**Andy Gere**  
President and Chief Operating  
Officer of San Jose Water  
*26 years of water utility  
experience*



**Maureen Westbrook**  
President of  
New England Region  
*34 years of water utility  
experience*



**Kristen Johnson**  
Chief Administrative Officer  
*14 years of water utility  
experience*



**Willie Brown**  
Vice President, General Counsel  
and Corporate Secretary  
*14 years of water utility  
experience*



# Key Investment Highlights

## Growth – Capital and Customers

- Robust 5-year capital investment plan of \$1.3B in water/wastewater infrastructure, subject to regulatory approval
- Texas operation more than tripled in size between 2006 and 2021
- Closed on Kendall West and Bandera East utilities in 4Q 2021, and Texas Country Water in 1Q 2022

## Geographic and Regulatory Diversity

- Regulatory lag is minimized by forward test year in CA and infrastructure replacement surcharge mechanisms in CT, ME and TX
- Going forward, will attempt to stagger rate filings for SJW's large utilities and target filings every 3-4 years
- Weather diversity

## Commitment to ESG

- Reducing carbon emissions — Science-based target to reduce Scope 1 and 2 carbon emissions 50% by 2030
- Fostering environmental stewardship — 100% environmental compliance and 15% non-revenue water target
- Leading ISS ESG ratings — ISS Environmental (5), Social (3), Governance (1)
- Supporting supplier responsibility — Adopted vendor code of conduct, recognized excellence in supplier diversity, and committed to Diversity, Equity and Inclusion

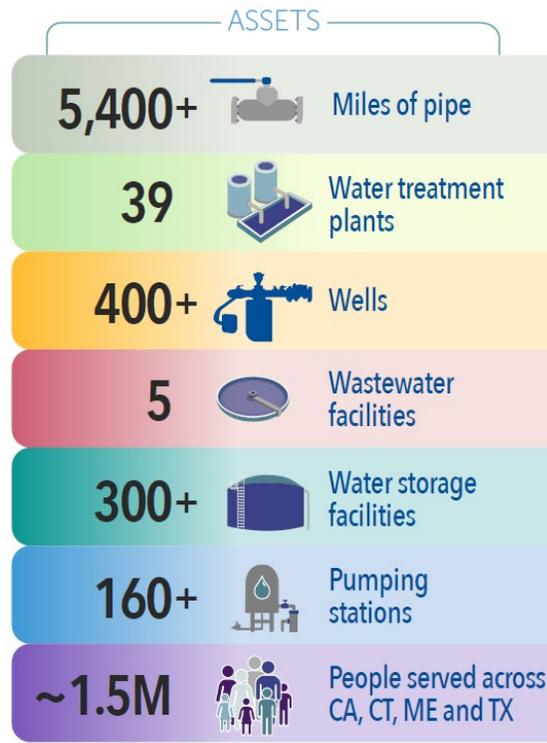
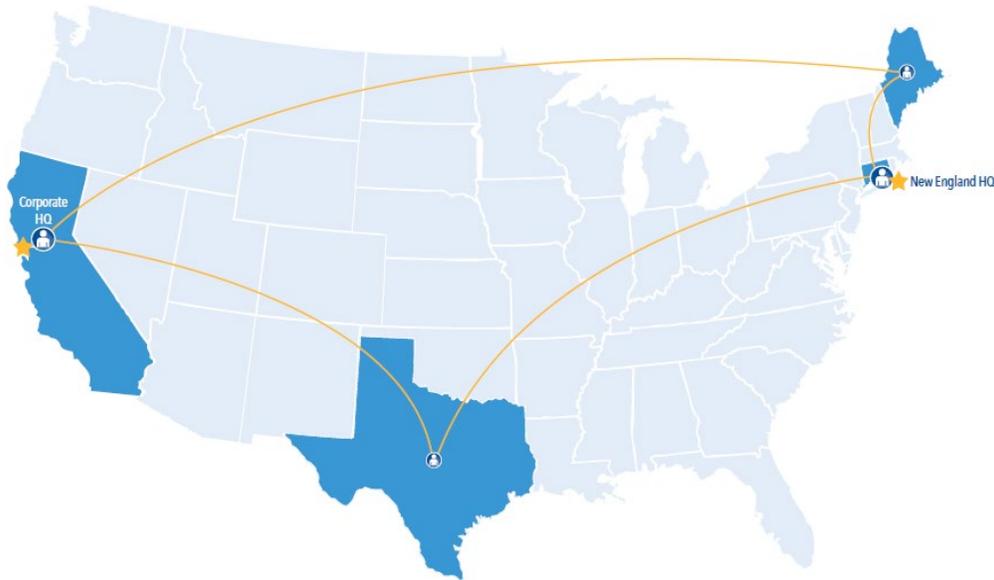
## Strong Dividend Track Record

- Industry-leading dividend growth, exceeding 10% over the past 5 years
- 78 consecutive years paying a dividend
- Increased 54 consecutive years

# SJW Group Profile

## Large National Pure-Play Water/Wastewater — Local Expertise

### Economic, Weather and Regulatory Diversity



### Market Data<sup>1</sup>

As of March 18 2022, unless otherwise noted

- \$3.6 Billion Total Enterprise Value
- \$2.1 Billion Market Capitalization
- 2.1% Dividend Yield
- 144% 5-Year Total Shareholder Return (12/31/2021)
- \$574 Million Operating Revenue in 2021

### Resources

As of December 31, 2021, unless otherwise noted

- 398,000 Service Connections
- \$1.8 Billion Authorized Rate Base<sup>2</sup>

<sup>1</sup> Source: Bloomberg

<sup>2</sup> An approximation of rate base, which includes net utility plant not yet included in rate base pending rate case filings/outcomes



# SJW Group at a Glance: Pure-Play Water

## Regulated Water/Wastewater

### San Jose Water

- 231,000 service connections
- Growth supported infrastructure replacement
- Forward test year

### Connecticut Water

- 105,000 water and 3,000 wastewater service connections
- Timely recovery of pipeline replacement through WICA,\* WRAM\*\*
- Historic test year

### Maine Water

- 35,000 service connections
- “Best in Class” infrastructure replacement mechanism through WISC\*
- Historic test year

### SJWTX

- 24,000 service connections in Texas
- Infrastructure replacement mechanism, Fair Market Value and filed rate doctrine for acquisitions
- Historic test year

## Nonregulated

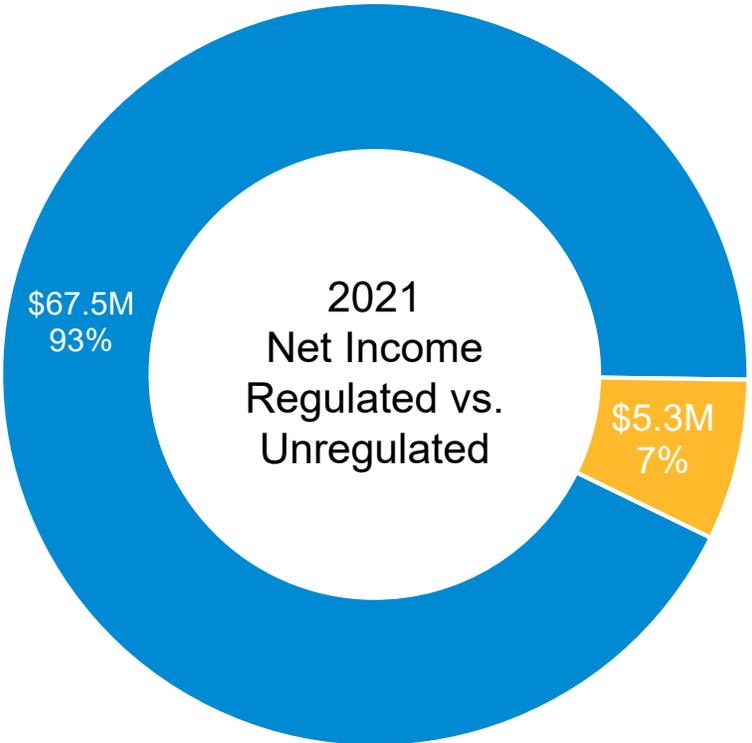
SJW Land: Tax-advantaged, income-producing properties for future disposition as capital needs warrant; currently unlevered

\*WICA is the Water Infrastructure and Conservation Adjustment and WISC is the Water Infrastructure Charge

\*\*WRAM is the Water Revenue Adjustment Mechanism

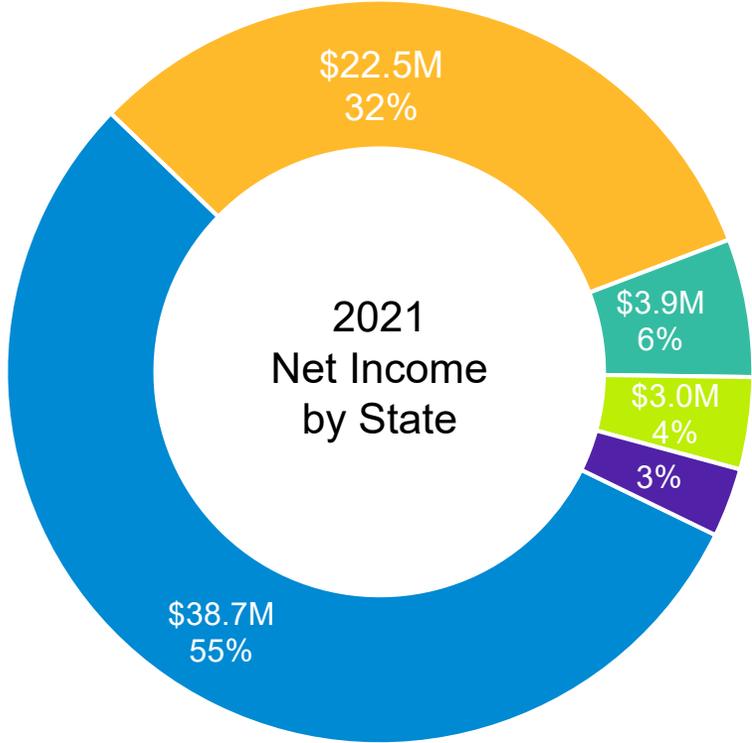
# Geographically Diverse Pure-Play Water/Wastewater

Pure-Play Regulated Water/Wastewater



■ Regulated ■ Unregulated

Geographic Diversity



■ CA ■ CT ■ ME ■ TX ■ TN



Data as of December 31, 2021



# Growth Strategy

## Capital Expenditures (CapEx)

- Investment in water utility infrastructure and earning a return “of and on” that investment
- Five-year plan to invest \$1.3 billion in water/wastewater infrastructure, subject to regulatory approval

## Constructive Regulatory Environment

- Experienced and highly regarded regulatory teams working cooperatively with state commissions to align customer and shareholder interests
- Infrastructure surcharge mechanisms in Connecticut, Maine and Texas, forward-looking test year in California

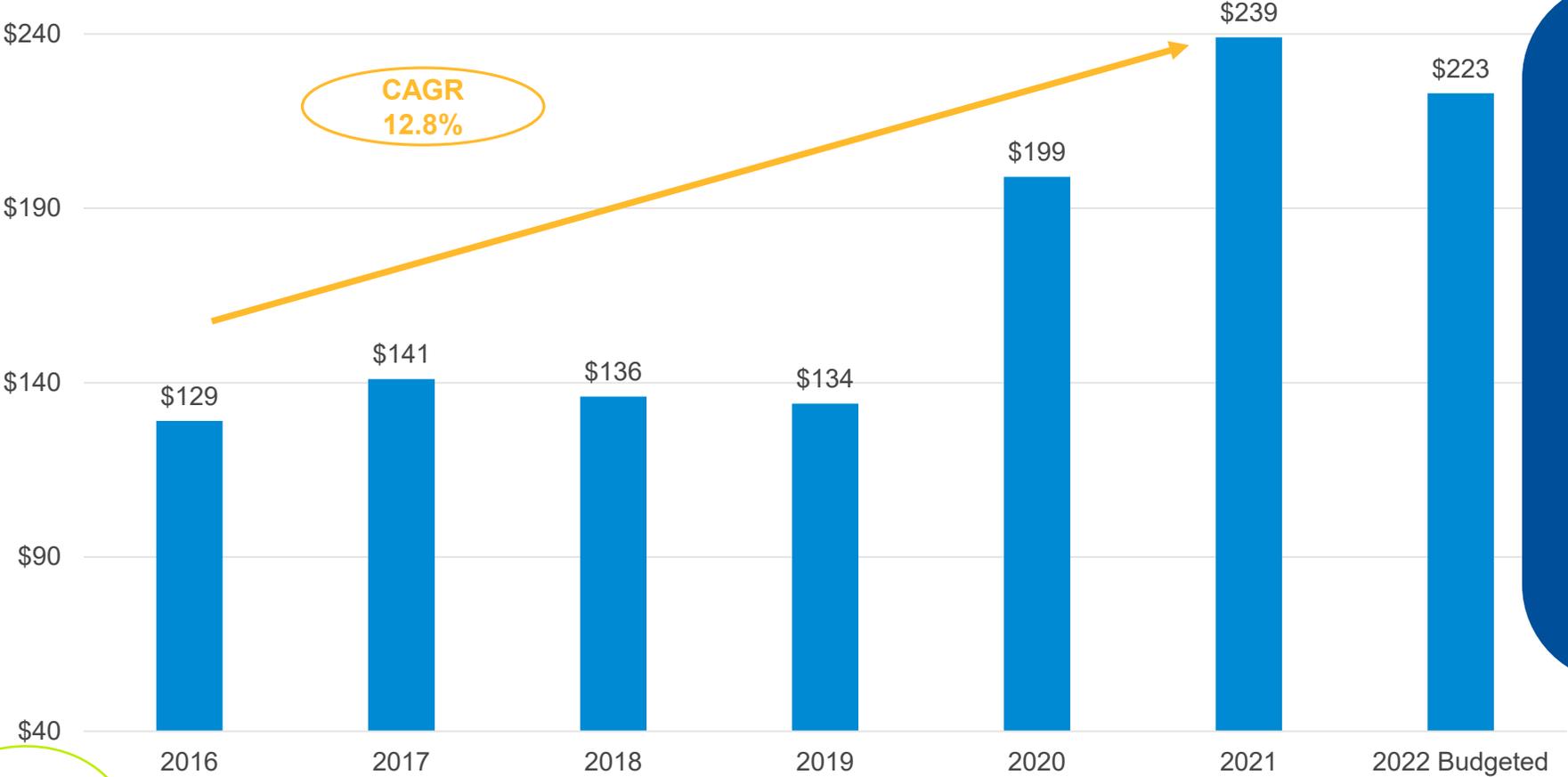
## Acquisitions

- Opportunistic with a focus on growth potential
- Water and wastewater systems
- National footprint for growth



# Infrastructure Investment Drives Rate Base Growth

SJW Group CapEx  
in millions



- Settlement agreement between SJW and Public Advocate Office allows for \$350 million 3-year capital program
- Excludes \$100 million for Advance Meter Infrastructure (AMI) between 2022 and 2025, pending CPUC approval



# 2022 CapEx

## Opportunities in 2022 and Beyond

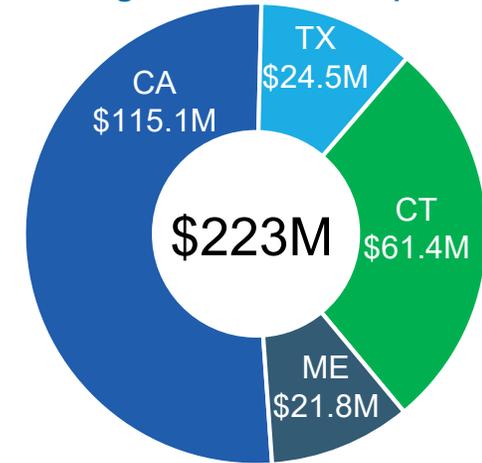


Saco River Drinking Water Treatment Facility  
November 2021

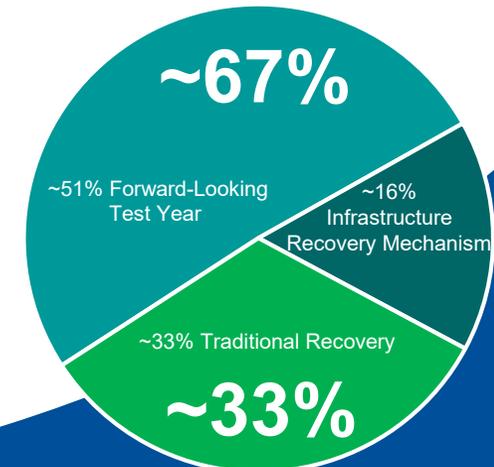
Annual replacement of approximately 1% of pipeline across all four states of operation, with approximately \$75 million invested annually

Significant “generational investment” with new facility in Biddeford, Maine, replacing 1884 plant; \$100 million in Advanced Metering Infrastructure (AMI) implementation between 2022 and 2025, pending CPUC approval

### Budgeted 2022 CapEx



### Timely Recovery Through Regulatory Mechanisms



# Acquisition Growth and Opportunities

## 2010 – 2020 Customer Growth

- 25+ acquisitions by SJW Group and subsidiaries
- 65% customer growth, ~154K new customers
- Transformational growth with CTWS acquisition in 2019

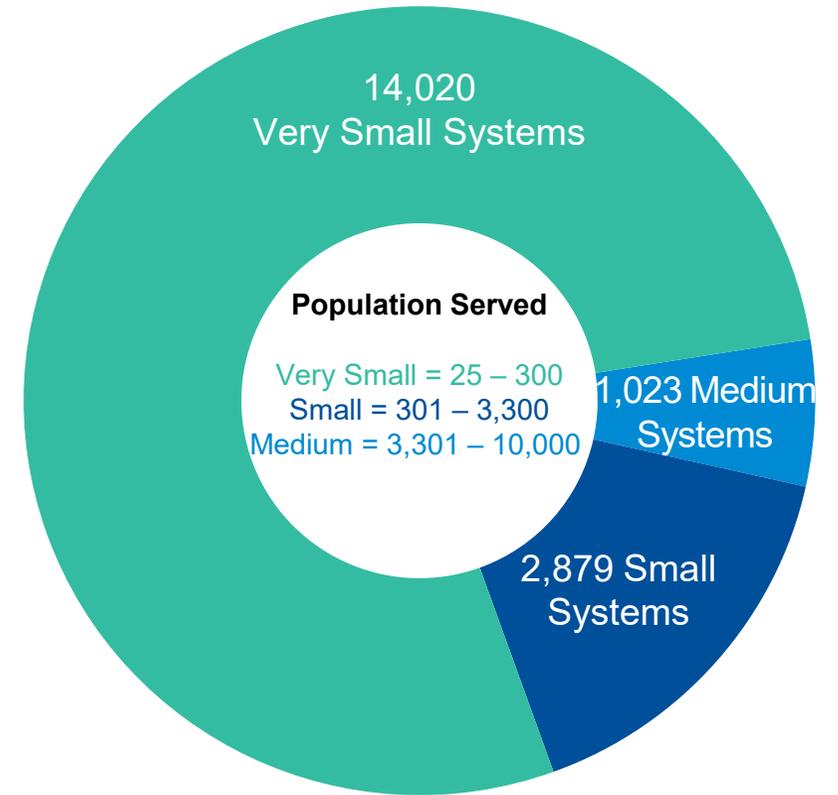
## 2021 Acquisitions

- SJW TX completed acquisitions of Kendall West, Bandera East and Clear Water Estates
  - Completed acquisitions represent over 1,800 service connections
  - Clear Water Estates first fair market value acquisition in Texas by any utility
- Connection growth in Texas nearly quadrupled between 2006 and 2021 to over 24,000 water and wastewater connections

## Opportunities

- More than 8,400 community water systems in CA, CT, ME and TX
- More than 16,000 publicly owned wastewater systems nationwide

## Very Small, Small and Medium Sized Community Water Systems In CA, CT, ME and TX



# CWC Rate Cases/Regulatory

## 2021 Rate Case

- Final decision issued by Connecticut Public Utilities Regulatory Authority on Request for Reconsideration in November 2021
  - Authorized \$2.1 million in additional revenues above \$5.2 million increase authorized in July 28, 2021 GRC decision
  - Total of \$7.3 million authorized through 2021 GRC

## Water Infrastructure and Conservation Adjustment

- PURA authorized WICA adjustment of 2.44% effective January 1, 2022 – Approximately \$22 million in completed projects
  - Included certain projects not considered in GRC due to capital additions deadline
  - New WICA expected to generate \$2.6 million in annual revenues

*Connecticut Water*

Collectively, \$9.9 million total additional revenue in 2022 plus \$500K expense to capital

Total revenue requirement authorized in the Connecticut GRC increased \$7.3 million or 7.1%

Additional \$2.6 million in revenues through WICA

# MWC Rate Cases/Regulatory

## Biddeford-Saco Division – GRC – Step 2

- Supplemental rate filing for \$6.9 million pending before the MPUC
  - Step 2 of GRC for Biddeford-Saco Division filed for \$60 million project to replace 1884 plant
    - \$60 million generational investment
    - MWC and OPA filed settlement agreement with MPUC in March 2022
    - Decision expected in 2Q 2022 in line with facility completion with new rates in second half of 2022

## WISC Increase

- MPUC authorized 3% WISC increase for Skowhegan Division effective January 1, 2022
  - For \$1.9 million infrastructure investment

## Rate Increase Filings

- Rate case filings in 4 divisions before March 1, 2022
  - Required under MPUC settlement agreement regarding the Tax Cuts and Jobs Act



Constructive settlement agreement for Step 2 benefiting customers and MWC

9.7% Negotiated Return on Equity

6.287% weighted average cost of capital

\$6.3M increase in annual revenues

# SJWTX Rate Cases/Regulatory

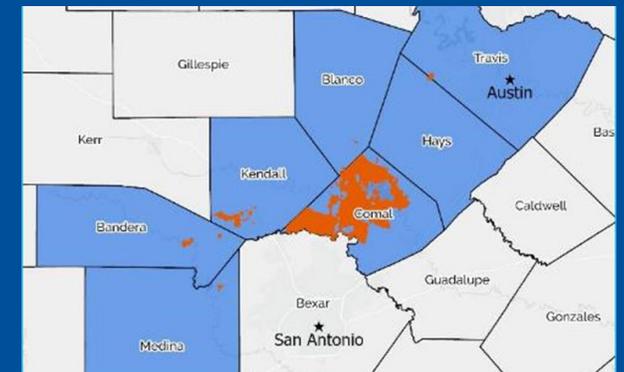
## Recently Approved Acquisitions

- Kendall West and Bandera East utilities acquisition completed in 4Q 2021
- Texas Country Water acquisition completed in 1Q 2022
- Combined = over 1,800 water/wastewater new service connections and expanded service area
- SJWTX serves 24,000 service connections between Austin and San Antonio, including 3 of the 5 fastest-growing counties in the U.S. (Comal, Hays and Kendall)
- Customer base grew over 20% in 2021 and has more than tripled over 15 years



Texas had the highest population growth of any state in the U.S. 2020 Census

Serves three of the five fastest-growing counties in the nation<sup>1</sup> San Antonio – Austin corridor



<sup>1</sup> Source: U.S. Census Bureau population growth in counties with a population of at least 10,000, 2010-2019



# SJWC Rate Cases/Regulatory

## 2022 – 2024 Rate Case

- Pending before the CPUC
- Requesting \$88 million increase in revenues over 3 years
- Requesting authorization of \$435 million 3-year capital budget
- Requesting \$18.5 million from balancing and memorandum accounts
- Interim rates in place on January 1, 2022
- Settlement agreement between SJW and PAO filed in January
- New rates, if approved, expected to be effective 2Q 2022 and retroactive to January 1

## Cost of Capital Filing

- Pending before the CPUC
- Requesting increases in revenue and ROE to 10.3%
- Requesting adjustment to capital structure of 55% equity and 45% debt
- Proposed decrease in average cost of debt to 5.48%
- Decision expected in 3Q 2022



Constructive rate case settlement agreement benefiting customers and SJW

Recognizes need for continued investment via \$350 million 3-year capital program

Further aligns authorized and actual consumption

Greater revenue recovery in the fixed charge

# SJWC Rate Cases/Regulatory

## Advanced Metering Infrastructure (AMI)

- Pending before the CPUC
- All-party settlement submitted to CPUC for adoption
- Approximately \$100 million over the next four years for AMI deployment starting in 2022
- Benefits include improved utility operations, near real-time leak detection, and enhanced water conservation for customers and utility
- Meaningful benefit for customers and the environment through lower water losses

## Drought Response

- Water Conservation Memorandum Account, Water Conservation Expense Memorandum Account and other mechanisms employed to encourage conservation while allowing the company the opportunity to earn its authorized return



AMI decision expected 2Q  
2022

\$100 million CapEx spend  
timing 2022–2025

Separate from GRC capital  
budget request

Supports conservation  
through near real-time  
access to water usage

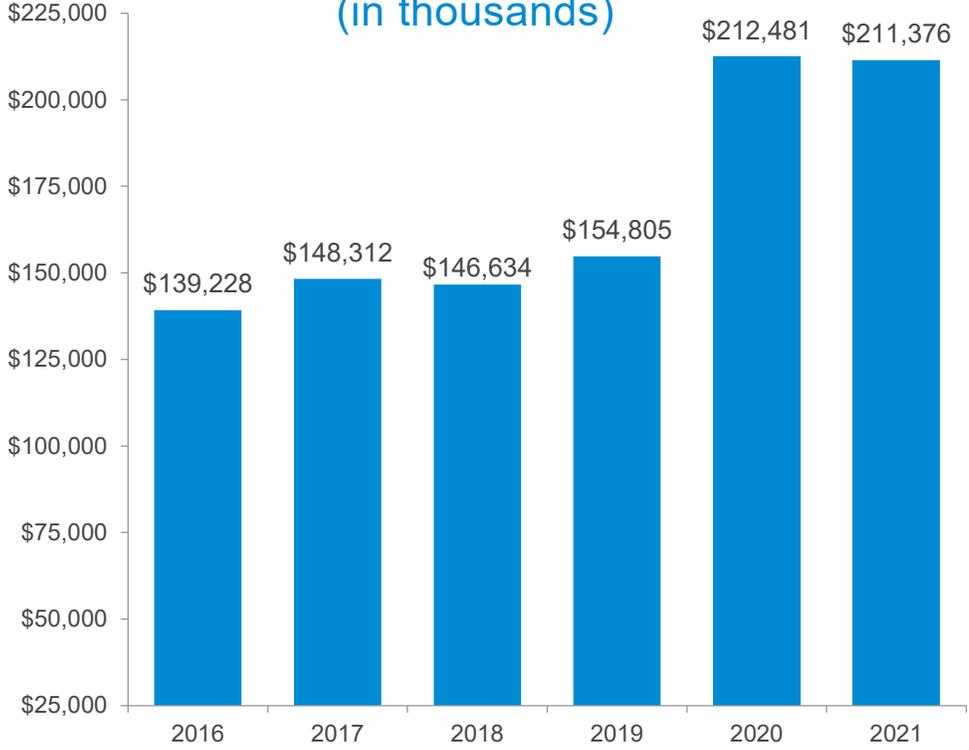
# Stable and Consistent Dividend Growth

- 5.9% increase in annual dividend over 2021
- \$1.44 per share (annual)
- Continuously paid dividends for more than 78 years
- Annual dividend increase for 54 consecutive years

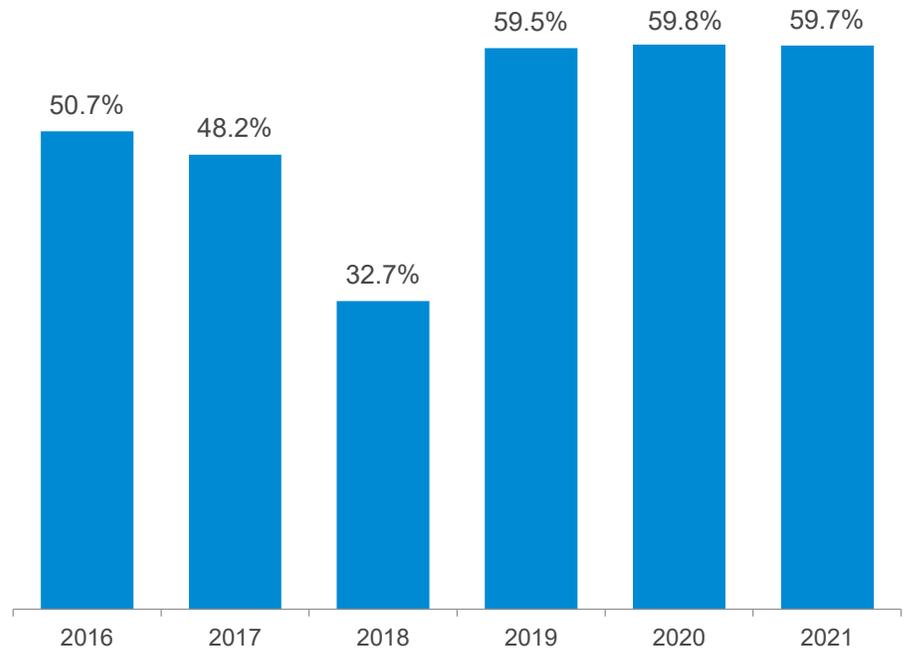


# Financial Highlights: SJW Group

Adjusted EBITDA\*  
(in thousands)



Debt to Capitalization



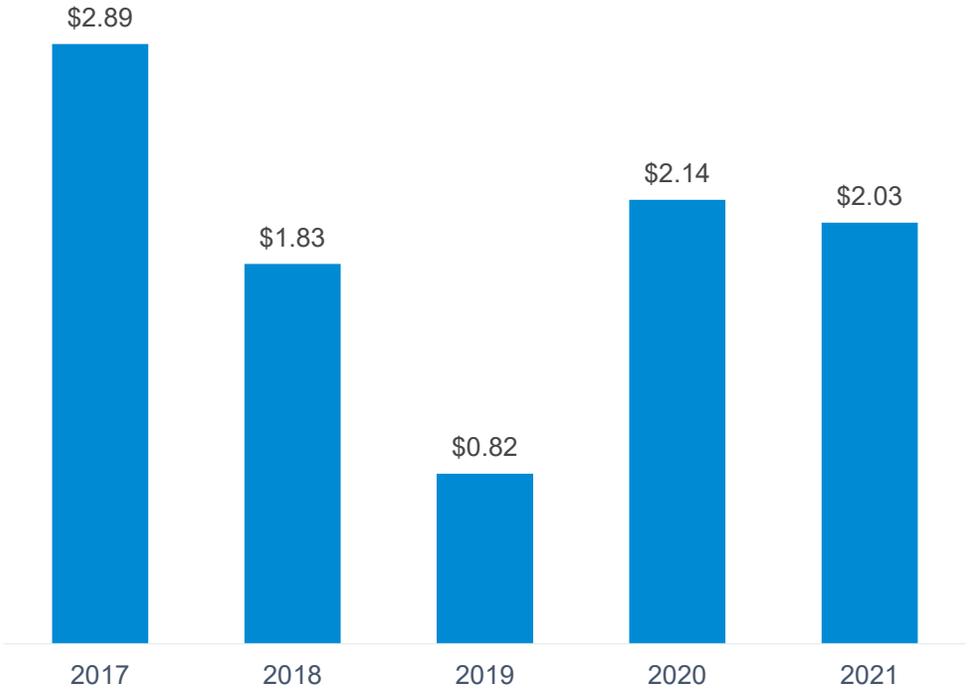
**\*Non-GAAP Financial Information**

This presentation includes the non-GAAP financial measure of adjusted EBITDA. A reconciliation of this measure to the most directly comparable GAAP measure is included in Appendix I to this presentation.

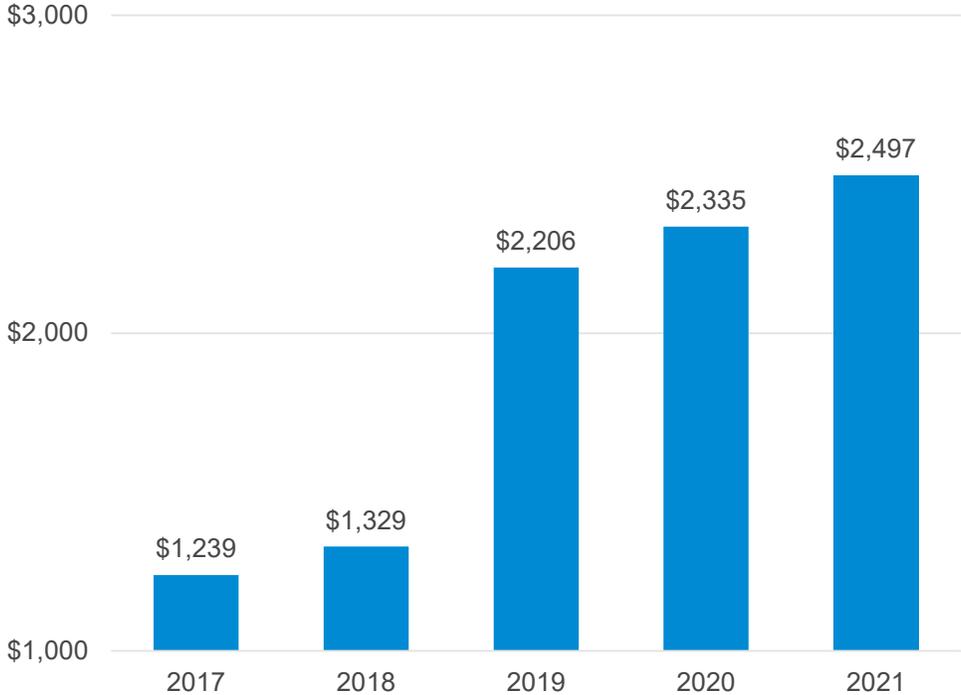


# EPS and Net Utility Plant

## 2017 – 2021 Diluted EPS



## Net Utility Plant in millions



Source: Company filings, investor presentations



# Our Success Builds On...

## Shareholders

- Leverage regulatory compact
- Infrastructure investment and earning a return “of and on” investments
- Focus on core water and wastewater
- Maintain constructive regulatory relationships
- Deliver growth that adds shareholder value

## Environment

- Sustainability is at the core of our business
- Passionate about stewardship and the value of water
- Protect and manage water and watershed for the future
- Use available ratemaking tools to encourage conservation

## Customers/Communities

- Provide high-quality water while supporting conservation
- High level of community engagement
- Deliver world-class service
- Customer financial assistance programs
- Be a positive force in the community

## Employees

- Passionate employees delivering a life-sustaining service
- Values-based, team-oriented approach
- Healthy, safe and secure workplace
- Invest in education and leadership development for our water professionals

# Commitment to ESG

## ENVIRONMENTAL

- Dedicated board sustainability committee
- Continued focus on use and protection of over 10,000 acres of watershed land
- GHG inventory completed and set new goal of 50% reduction in Scope 1 and Scope 2 emissions by 2030

## SOCIAL

- Assistance programs for customers
- Supplier diversity program
- World-class customer satisfaction
- Adopted Vendor Code of Conduct in 2021
- Active Environmental Health and Safety Committee
- Diversity, Equity and Inclusion Council
- CEO Pledge — CEO Action for Diversity and Inclusion

## GOVERNANCE

- Human rights policy
- Employees participate in ethics, conduct and cybersecurity training

# ESG Progress

## ISS Metrics:

- Prime Rated
- ISS environmental rating of “5” (among the best of water utility peers)
- ISS social rating of “3” (tied for best among water utility peers)
- ISS governance score is a “1” (best score possible)

## Recognition:

- 50/50 Women on Boards for Gender-Balanced Board of Directors
- CPUC and US Veterans Magazine for Supplier Diversity
- 2022 USA Top Workplace for CT Water
- Signatory to CEO Action for Diversity and Inclusion



**CEO ACT!ON FOR  
DIVERSITY & INCLUSION**



# Long-Term Strategy

- Deliver exceptional service to families and communities
- Protect employee and public health
- Grow regulated water and wastewater utility business
- Invest capital (CapEx) to serve customers and conserve natural resources
- File timely infrastructure surcharges and general rate cases
- Steward constructive regulatory relationships
- Increase shareholder value through prudent acquisitions
- Maintain the momentum of the CTWS integration
- Support and expand supplier diversity program
- Conduct our business while honoring the highest ethical standards
- Focus on water and wastewater service, not sales
- Be a positive force in the communities where we live, work and serve



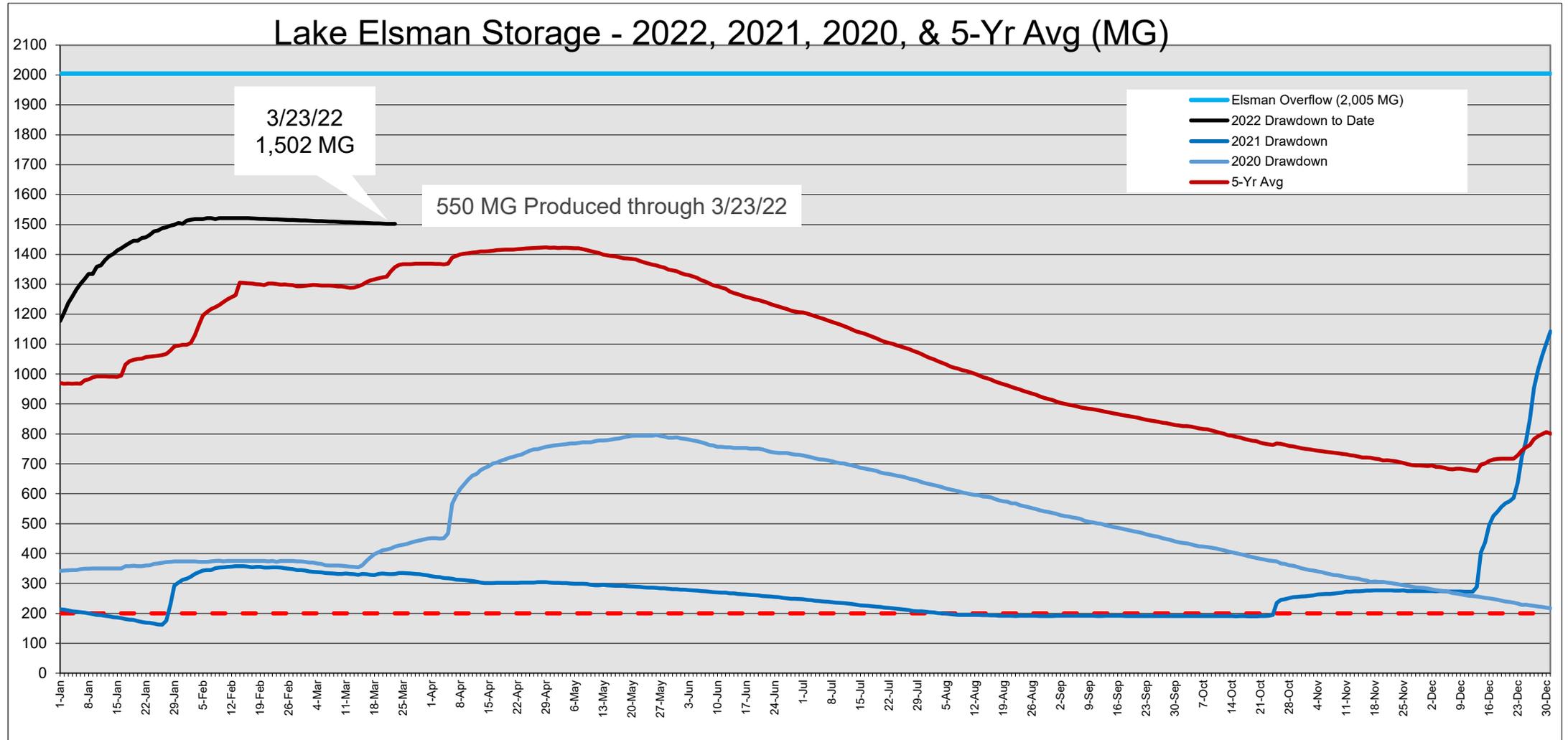
## OUR MISSION

Trusted, passionate, and socially responsible professionals delivering life-sustaining, high-quality water and exceptional service while protecting the environment, enhancing our communities, and providing a fair return to shareholders.

# Appendix 1

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# 1.8B Projected Water Supply Production



# Adjusted EBITDA

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	For the Year Ended December 31 (in thousands)							
	2021	2020	2019	2018	2017	2016	2015	
<b>Net Income</b>	\$ 60,478	\$ 61,515	\$ 23,403	\$ 38,767	\$ 59,204	\$ 52,839	\$ 37,882	
<b>Add (Subtract):</b>								
Income attributable to the noncontrolling interest	\$ -	\$ -	\$ 224	\$ -	\$ 1,896	\$ -	\$ -	
Income Tax Expense	\$ 8,369	\$ 8,380	\$ 8,454	\$ 10,065	\$ 35,393	\$ 33,542	\$ 23,272	
Interest Expense	\$ 54,339	\$ 54,255	\$ 31,796	\$ 24,332	\$ 22,929	\$ 21,838	\$ 22,186	
Interest Income	\$ -	\$ -	\$ (6,536)	\$ (155)	\$ -	\$ -	\$ -	
Depreciation and Amortization	\$ 94,400	\$ 89,279	\$ 65,592	\$ 54,601	\$ 48,292	\$ 44,625	\$ 40,740	
<b>EBITDA</b>	\$ 217,586	\$ 213,429	\$ 122,933	\$ 127,610	\$ 167,714	\$ 152,844	\$ 124,080	
Write-off of Regulatory Asset Account	\$ -	\$ -	\$ 9,386	\$ -	\$ -	\$ -	\$ -	
CTWS Merger Related Expenses	\$ -	\$ -	\$ 15,768	\$ 18,610	\$ -	\$ -	\$ -	
Post CTWS Merger Integration Costs	\$ -	\$ -	\$ 4,860	\$ -	\$ -	\$ -	\$ -	
Merger Related Customer Credits	\$ -	\$ -	\$ 2,767	\$ -	\$ -	\$ -	\$ -	
Loss (Gain) on Sale of Equity Investment	\$ -	\$ -	\$ -	\$ 423	\$ -	\$ (3,197)	\$ -	
Loss (Gain) on Sale of Utility property	\$ -	\$ -	\$ 20	\$ (9)	\$ (12,499)	\$ -	\$ -	
Gain on Sale of Real Estate Investments	\$ (927)	\$ (948)	\$ (929)	\$ -	\$ (6,903)	\$ (10,419)	\$ (1,886)	
Gain on Sale of Nonutility Properties	\$ (7,494)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Impairment of Long-Lived Asset	\$ 2,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Adjusted EBITDA</b>	\$ 211,376	\$ 212,481	\$ 154,805	\$ 146,634	\$ 148,312	\$ 139,228	\$ 122,194	

# Capital Structure, ROE, and Rate Base

	California	Connecticut	Texas	Maine
Authorized capital structure (debt/equity)	47% / 53%	47% / 53%	37% / 63%	54% / 46%
Authorized return on equity	8.90%	9.00%	10.88%	9.81%
Authorized rate base (in millions)	\$958.9	\$549.4	\$43.3	\$63.3
Estimated rate base at year-end (in millions)	\$1,023.1	\$613.6	\$95.1	\$87.6

# The Infrastructure Replacement Era

Opportunity for well-managed, customer-centric, investor-owned water and wastewater

## Water

- 50,000 water systems
- 2.2 million miles of underground pipe
- 27% increase in water main breaks between 2012 and 2018 (250,000 to 300,000 estimated breaks per year or a break every two minutes)
- 85% of population served by municipalities
- EPA Drinking Water State Revolving Fund Appropriations level in 2019 and declined in 2020

## Wastewater

- 16,000 publicly owned sewer systems
- EPA Clean Water State Revolving Fund Appropriations level in 2019 and declined in 2020 and 2021
- EPA estimates 850 billion gallons of treated sewage discharged into our waterways annually

American Society of Civil Engineers  
2021 Report Card  
for America's Infrastructure



Source: American Society of Civil Engineers, 2021 Infrastructure Report Card

