

SJW Group

Investor Presentation



Forward-Looking Statements

Some statements contained in this report constitute “forward-looking statements” within the meaning of Section 27A of the Securities Exchange Act of 1934. These forward-looking statements are based on current expectations and rely on a number of assumptions concerning future events, and are subject to a number of uncertainties and other factors, many of which are outside of our control. Such factors could cause actual results to differ materially from such statements. Important factors that could cause or contribute to such differences include, but are not limited to, those described in our most recent reports on Form 10-K, Form 10-Q, and Form 8-K filed with the SEC. SJW Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. All information included in this presentation is as of December 31, 2016, unless stated otherwise.

Investment Highlights

Two high-quality regulated water utilities in economically vibrant regions

- Over \$1B in market capitalization (at 3/2/17)
- Operating company with S&P A-rated credit profile
- Constructive regulatory environments

Demonstrated shareholder returns and earnings power

- TSRs of 91.5% (2016), -5.3% (2015), 10.8% (2014), and 15.1% (2013)
- 14.6% EPS Growth (2011-2016)*
- 49 Consecutive Years of Dividend Growth

Strong balance sheet with quality assets and capital reserves

- \$1.7B Gross Utility Plant
- \$772M in Invested Capital
- 8%+ CAGR in Rate Base (2011-2016)

**Excludes land sales, impairment transactions and CWT stock sale; 2014 excludes the 2013 true-up related to period January 1-December 31, 2013, recorded in 2014; 2015 excludes the 2014 WCMA recorded in 2015*

Water Sector Investment Thesis

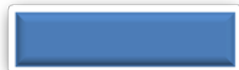
- **Infrastructure replacement era**
 - Aging water infrastructure requires investments to provide safe and reliable water service and protect public health
 - National - \$384 billion from 2011-2030*
 - California - \$45 billion from 2011-2030*
- **Constructive regulatory environments supporting**
 - Increased infrastructure investments
 - Rates balancing investments, conservation, and affordability
 - Revenue protection during periods of drought

**United States Environmental Protection Agency (April 2013)*

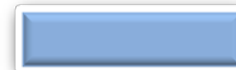
Structure and Platforms



Regulated

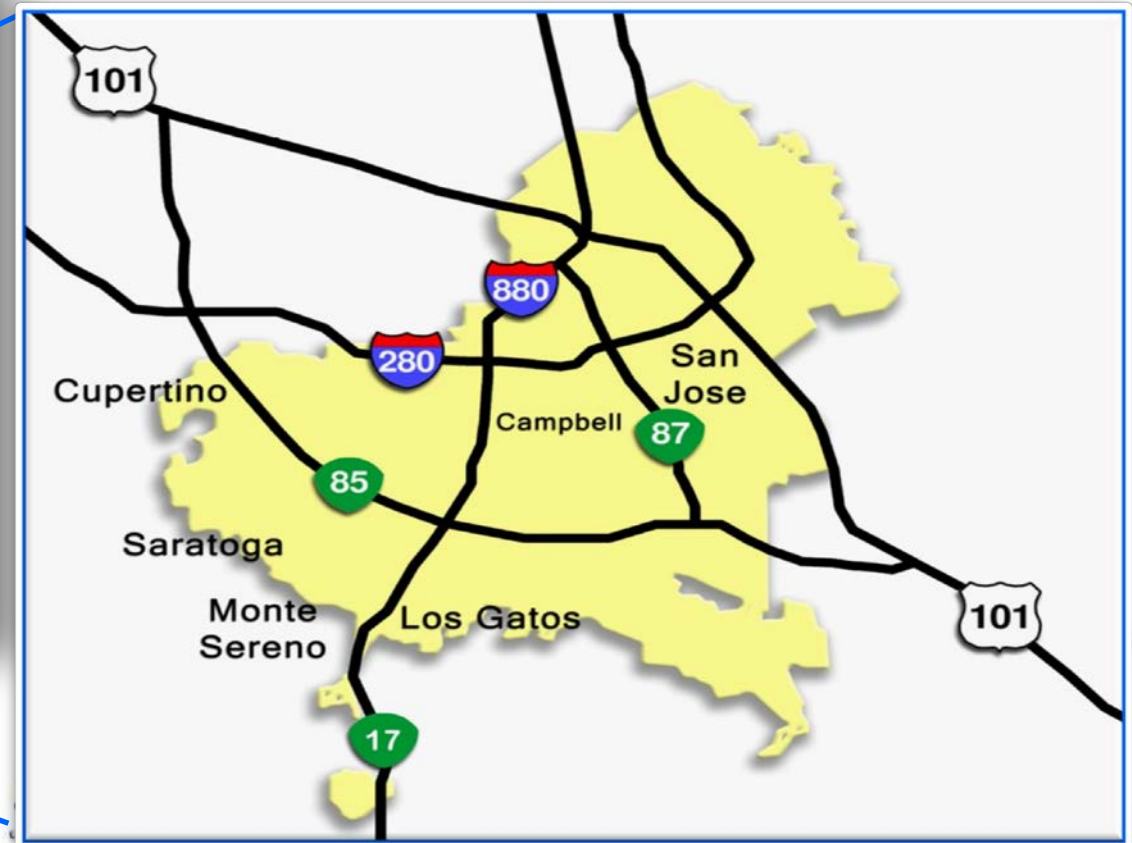
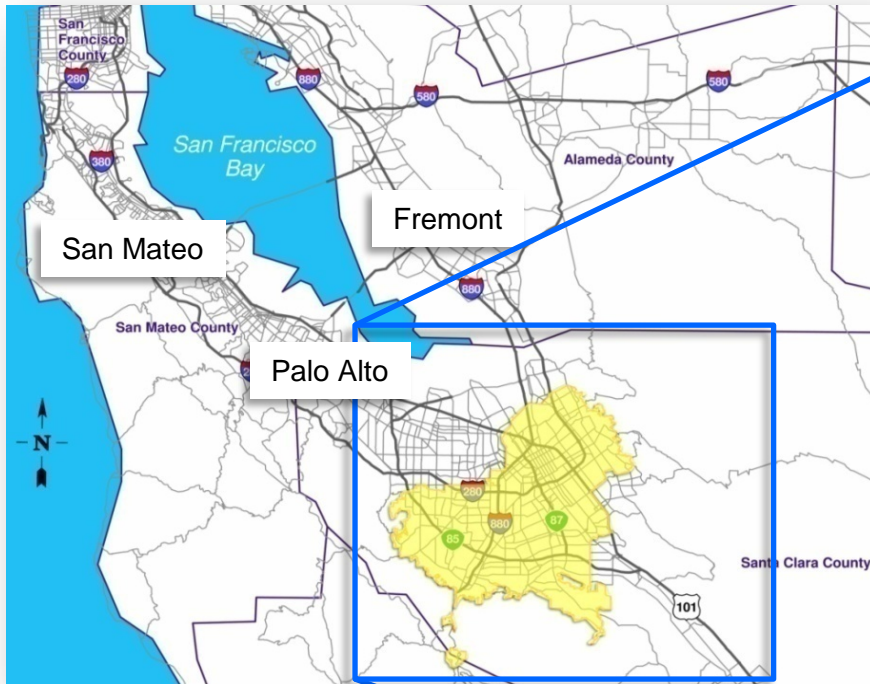


Non-tariffed/Non-regulated



San Jose Water Co....*Business Summary*

- One of the largest investor owned urban water systems in the United States
- Regional platform with affluent and educated customer base
- Regulated by the California Public Utilities Commission (CPUC)



San Jose Water Co... *Earnings Catalysts*

Core Capital Improvement Plan

- Approx. \$545M completed 2011 – 2016
- 16.9% CAPEX CAGR since 2011
- \$319M approved for 2015 – 2017

Additional Upside

- Montevina Water Treatment Plant Replacement
- Budgeted \$62M project outside of General Rate Case (GRC) proceedings (2015-2017)
- Capital improvements added to rate base in 2019

Customer Demand

- Authorized customer usage adjusted in GRC
- Water Conservation Memorandum Account in place to deal with lower usage; provides opportunity to earn authorized return

Montevina Improvement Project

- Major improvements to aging water treatment plant approved July 2013
- Annual rate recovery via advice letter filings
- Design-build approach and operational adjustments maximize usability of surface water during construction period
- Design and initial construction in 2015
- Construction completion in 2017

Budgeted \$62M in
Utility Plant
outside of GRC

Capital Investment
\$11.2M thru 2015
\$29.0M 2016
\$20.9M 2017E

California Regulatory Environment

CPUC Water Action Plan

- Increased infrastructure investments
- Rates balancing investments, conservation, and affordability
- Streamlined decision making

Efficient Regulatory Mechanisms

- Future Test Year
- Cost of Capital proceeding outside of rate case filing
- Balancing account and advice letter filings

Opportunity to earn ROR

- Conservation accounts approved in March 2014 for duration of drought
- Requests for under collection filed in March 2015; approved December 2015

General Rate Case

■ Constructive 2016-2018 General Rate Case decision

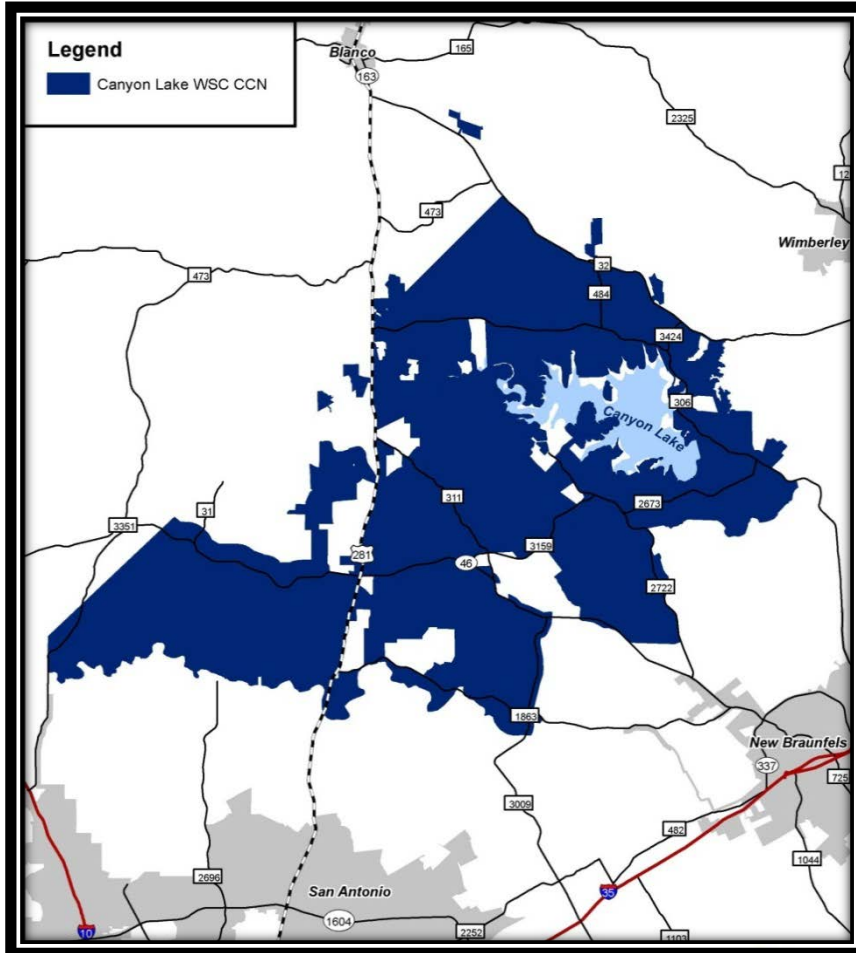
- 3-year capital program totaling \$319M (2015-2017)
- Authorized rate base of \$620M (2015), \$659M (2016), and \$716M (2017)
- Recovery of memorandum and balancing accounts totaling \$3.8M
- More realistic residential sales numbers

Rate Increases of
8.6% - 2016
3.8% - 2017

Approved
Cumulative Rate
Increase of 18.9%
for 2013-2015

Authorized
9.43% Return on
Equity for 2016

SJWTX, Inc...*Business Summary*



- Dba Canyon Lake Water Service Company
- Located in one of the fastest growing regions in America
- Abundant and diversified water supply
- Regional platform with growth potential through acquisitions of MUDs and privately held water systems in close proximity
- Regulated by the Public Utility Commission of Texas

SJWTX Inc... *Long-term Growth Platform*

Organic Customer Growth

- 90% customer growth since acquisition in 2006
- Committed water supply available to support future growth
- Approximately 700 to 800 new connections per year

Acquisition Growth

- 10 acquisitions completed since 2006
- Additional growth potential – approximately 25 smaller systems in service area and another 25 in close proximity
- Aggressive regional acquisition program

Revenue and Earnings Growth

- Rates increases of 2.3% (2016) and 1.8% (2017 and 2018)
- 3% CAGR population growth from 2007-2016
- Expansion into wastewater service

Texas Regulatory Matters

- Regulatory framework supports recovery of reasonable operating costs and a fair rate of return
- Historical test year state
- 2013 General Rate Case (GRC) decision
 - Approves annual phase-in of requested system-wide rate increase beginning January 2015 through 2018
 - Authorizes rate recovery filings for ongoing increases to purchased water costs
 - Allows for a new GRC application filing after September 1, 2017 (January 2018 increase would not then become effective)

SJW Land Company...*Business Model*

Reinvested proceeds into tax-advantaged income-producing properties for future disposition as capital needs and market conditions warrant

Portfolio as of December 31, 2016

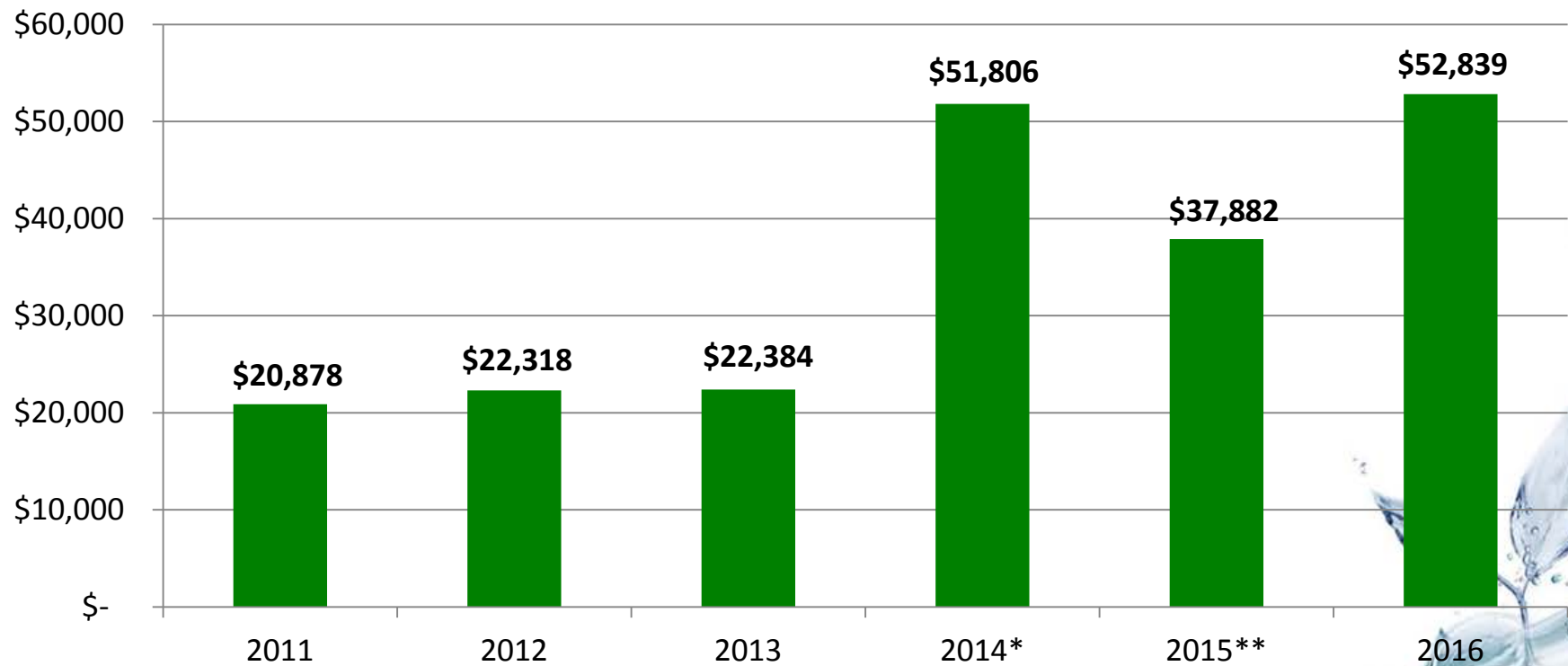
Description	Location	Acreage	Square Footage	SJW Land Company Revenue
Warehouse buildings	AZ*, TN	30	361,500	43%
Retail/Commercial buildings	CA, TN	17	163,000	57%
Undeveloped land and parking lot	CA, TN	15	N/A	N/A

*SJW Land Company sold the Arizona warehouse building. Revenue amounts are through the sale closing date of October 13, 2016. Amounts presented for Arizona exclude the gain on sale of the property.

SJW Group Financial Performance

Net Income

SJW Group Net Income (in thousands)



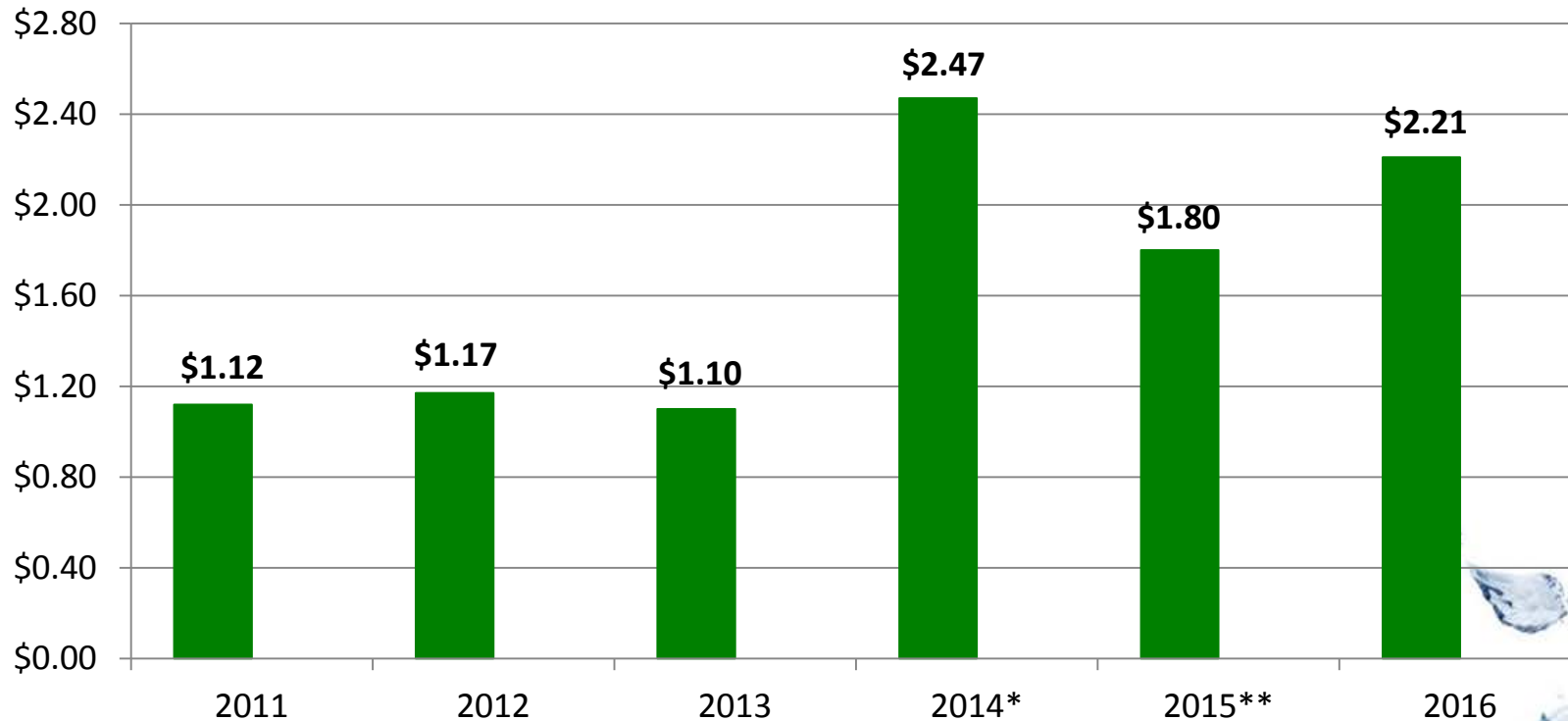
*Includes approximately \$15MM net income resulting from 2012 rate case decision that occurred in 2014

**Includes approximately \$2M net income resulting from 2014 WCMA recorded in 2015

Earnings Growth

Strong results

Earnings Per Share
(excluding land sales, impairment transactions and CWT stock sale)

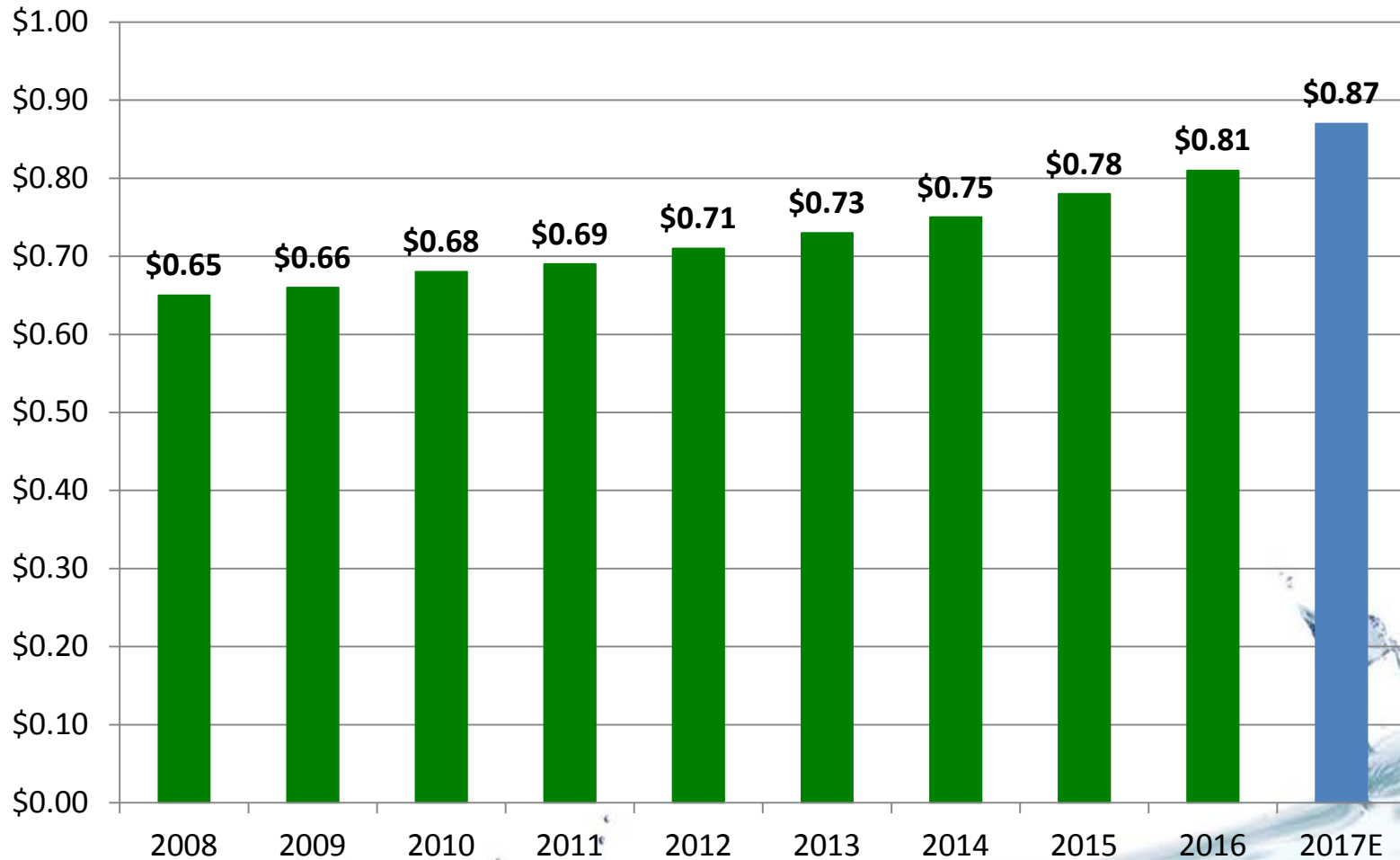


*Includes approximately \$0.73 earnings per share resulting from 2013 revenue increase approved in 2014

**Includes approximately \$0.09 earnings per share resulting from 2014 WCMA approved in 2015

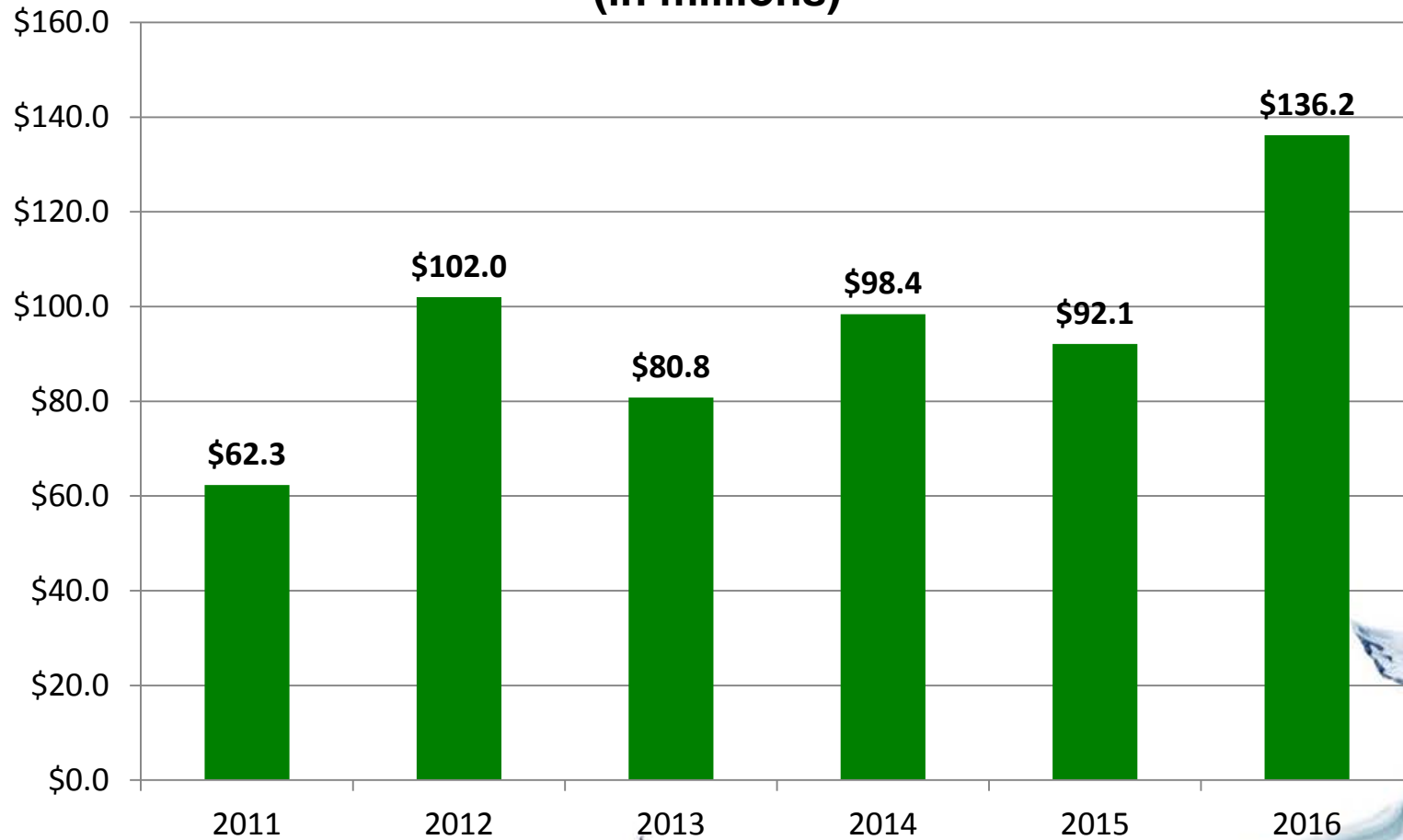
Dividends Per Share Growth

49-year dividend CAGR of 3.3%



CAPEX Growth

**Strong CAGR of 16.9% reflecting systematic infrastructure investments
(in millions)***



*Includes San Jose Water Company and SJWTX

Summary... *Quality Long-term Investment*

- Largely regulated, low-risk, water utility investment
- Intelligent and efficient business model
- Two high-quality regional water utility platforms in economically growing regions
- Constructive regulatory environments supporting infrastructure investments
- Sustainable and consistent growth in dividends, rate base, and earnings through prudent water system investments
- Capabilities and resources available to execute strategy

SJW Group Key System Assets

San Jose Water Co...*Key System Assets*

Large Scale Urban Integrated Water System \$1.1B in Net Utility Plant

Water Supply

- Multiple sources
 - Imported surface
 - Groundwater
 - Local surface
 - Recycled
- Average year
 - Imported – 55%
 - Ground – 36%
 - Local – 8%
 - Recycled – 1%

Infrastructure

- 111 production wells
 - 283 MGD capacity
- 97 storage facilities
- 2,400 miles of mains
- 6,230 acres of watershed property
- 2 water treatment plants

Customers

- 138 sq. mi. service area
- 229,000 connections
- 90% residential
- 10% commercial, industrial and other
- Cupertino Lease Concession
 - 4,600 connections

SJWTX, Inc....*Key System Assets*

Fast Growing Regional Water and Wastewater Utility

Water Supply

- Multiple sources
 - Surface Water
 - Groundwater
 - Purchased Treated Surface Water
- Long term water supply contracts
- Average year
 - Surface – 57%
 - Ground – 43%

Infrastructure

- 42 wells
- 61 storage facilities
- 599 miles of mains
- 48 pump stations
- 3 water treatment plants
- 9 MGD of production capacity

Customers

- 13,000 water connections
- 50 wastewater connections
- 240 sq. mi. service area
- 96% residential
- 4% commercial, industrial and other