SFW Group

Investor Presentation
December, 2019
Forward Looking Statements

This presentation may contain 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.

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 risk that the benefits expected from the merger of SJW Group and Connecticut Water Service, Inc. (the “Merger”) will not be realized; (2) the risk that the integration of Connecticut Water Service, Inc. will be more difficult, time-consuming or expensive than anticipated; (3) the effect of water, utility, environmental and other governmental policies and regulations, including actions concerning rates, authorized return on equity, authorized debt-to-equity ratios, capital expenditures and other decisions; (4) the outcome of the California Public Utilities Commission’s investigation into the Merger; (5) litigation, including litigation relating to the Merger; (6) changes in demand for water and other products and services; (7) unanticipated weather conditions and changes in seasonality; (8) climate change and the effects thereof; (9) catastrophic events such as fires, earthquakes, explosions, floods, ice storms, tornadoes, hurricanes, terrorist acts, physical attacks, cyber-attacks, or other similar occurrences that could adversely affect our facilities, operations, financial condition, results of operations and reputation; (10) unexpected costs, charges or expenses resulting from the Merger; (11) our ability to successfully evaluate investments in new business and growth initiatives; (12) the risk of work stoppages, strikes and other labor-related actions; (13) changes in general economic, political, business and financial market conditions; (14) 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 (15) legislative 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, and speak only as of the date made, and we undertake no obligation to update or revise any forward-looking statements except as required by law.
Today’s Speakers

Eric W. Thornburg  
Chief Executive Officer  
SJW Group

Jim Lynch  
Chief Financial Officer  
SJW Group

Andrew Walters  
Chief Corporate Development Officer  
SJW Group
Key Investment Highlights

**Significantly Increased Scale**
- A leading national water utility
- Third largest investor-owned pure play water and wastewater utility in the United States based on estimated rate bases

**Geographic and Regulatory Diversity**
- Four-state footprint (California, Texas, Connecticut and Maine) with strong regulatory relationships in credit-supportive jurisdictions
- Presence in diverse regions across the United States mitigates weather-related impact and regulatory actions on the combined business

**Reinforced Pure-Play Regulated Water Strategy**
- Stronger platform for organic investment reinforces SJW strategy of regulated water utility infrastructure growth
- Acquisition opportunities in four states and across the US
- Regulated earnings represent 93% of combined company earnings

**Improved Liquidity and Access to Capital**
- Significant capital market access and increased liquidity
- Balance sheet strengthened as asset base increases to over $3.0bn

**Strong Dividend Track Record**
- 75 consecutive years paying a dividend
- Increased 51 consecutive years
A Leading National Pure Play Water Utility

Company Highlights

- Third largest investor-owned pure play water and wastewater utility with footprint across four states\(^1\)

- Enhanced growth platform as a result of increased scale, geographic diversity and strong financial foundation

- Infrastructure investment opportunity

\(^1\) Based on investor-owned water utilities by rate base.
A Pure Play Water Utility: 93% Regulated Earnings Across Diversified Geographic and Regulatory Markets

Note: Based on 2018 net income; combined company information presented as sum of net incomes of SJW Group and Connecticut Water, not presented on a pro forma basis.
Experienced Leadership Team with Record of Execution, Regional Focus and Dedication

Leveraged expertise across the multi-state platform with a commitment to local markets

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

**Andy Gere**  
President  
San Jose Water  
24 years with SJW

**Maureen Westbrook**  
President  
New England Region  
31 years with CTWS

**Palle Jensen**  
Executive Vice President  
24 years with SJW

**Kristen Johnson**  
Chief Administrative Officer  
12 years with CTWS

**Jim Lynch**  
Chief Financial Officer  
9 years with SJW

**Suzy Papazian**  
General Counsel and Corporate Secretary  
14 years with SJW

**Andrew Walters**  
Chief Corporate Development Officer  
18 years utility experience

_SJW Group_
Operational Overview

712 trusted professionals across a multi-state platform:
- 340 - California
- 225 - Connecticut
- 81 - Maine
- 66 - Texas

Assets:
- 26,979 miles of pipe
- 39 water treatment plants
- 399 wells
- 5 wastewater facilities
- 317 water storage facilities
- 138 pumping stations
- 34,074 hydrants
- 85,634 valves
SJW Group at a Glance: Quality Long-Term Investment

**San Jose Water**
- Regulated California water utility
- Serving San Jose and the Silicon Valley
- Growth supported by robust set of infrastructure replacement opportunities

**SJWTX (CLWSC)**
- Regulated Texas water utility
- Located in one of the fastest-growing regions in the U.S.

**SJW Land Company**
- Non-regulated
- Tax-advantaged income-producing properties for future disposition as capital needs warrant, currently unlevered

**Connecticut Water**
- Regulated Connecticut water utility
- Serves portions of 59 communities that are predominantly suburban and rural
- 1% of pipe replaced annually through WICA surcharge

**Maine Water Company**
- Regulated Maine water utility serving 21 cities & towns
- “Best in Class” WISC infrastructure surcharge

- High-quality regulated water utilities in economically vibrant regions
- Constructive regulatory environments supporting infrastructure investments
- Opportunistic acquisition growth of contiguous systems; new platform potential
- Sustainable and consistent growth in earnings
- Capabilities and resources available to execute strategy
Capital Supportive Regulatory Environments

- Future test year
- Balancing and memorandum accounts
- Cost of capital proceeding outside of general rate case
- Water cost of capital adjustment mechanism

- Water Infrastructure and Conservation Adjustment (WICA)
- Water Revenue Adjustment (WRA) mechanism
- 180-day statutory time frame for rate proceedings

- Streamlined rate case
- Water Infrastructure Surcharge (WISC)
- Water revenue adjustment mechanism

- Recovery of reasonable operating costs and a fair rate of return
- Adjustment mechanism for wholesale water cost
- Fair Value Legislation passed in 2019
Substantial US Water Infrastructure Needs Represent Massive Growth Opportunity

EPA Estimate of US Infrastructure Investment Needs ($B)

Water $473 Billion
- $313 Transmission & Distribution
- $83 Treatment
- $48 Storage
- $22 Source
- $7 Other

Wastewater $271 Billion
- $102 Treatment
- $96 Collection Systems
- $54 Other
- $19 Storm Water Management

Key Industry Statistics

- 50,000 systems
- 85% of population served by municipalities

- 14,700 systems
- 97% of population served by municipalities
Connecticut Water Service, Inc.
- Closed October 9, 2019
- $1.1 billion enterprise value

Connecticut
- 105,000 water customers
- 3,000 wastewater
- Leadership retained (local & well-respected)

Maine
- 32,000 water customers
- Leadership retained (local & well-respected)
Acquisition Track Record - Opportunity for Growth

60+ total water system acquisitions in 25 years;  
Over 40 in the past 10 years

New England:
• 45% customer growth, primarily through acquisitions
• Over 800 separate community water systems and over 300 wastewater operations in Connecticut and Maine alone

Texas:
• 10,000 customers added since initial acquisition in 2006
Rate Base Growth Supported by Enhanced Capital Plan

Pro Forma Expected Capex Profile ($M)¹

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<th>Pro forma</th>
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<td>SJW</td>
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<td>$217</td>
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<tr>
<td>CTWS</td>
<td>$55</td>
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2018A

$136 $86 $237
2019E $131 $85
2020E $131 $85
2021E $152

Selected Investment Opportunities

- **Pipeline Replacement Programs**
  - Annual replacement of at least 1-2% of pipes across all four states of operation with approximately $75M invested annually
  - Supported by constructive recovery mechanisms (e.g. WICA, WISC in Connecticut and Maine, FTY in CA & New DISC in Texas)

- **Saco, Maine, New Water Treatment Facility**
  - Opportunity for significant “generational investment” with new facility planned to replace plant in service since 1884

- **San Jose Water Company**
  - Finished water reservoir replacements
  - Replaced aging and seismically deficient earth embankment and welded steel reservoirs with pre-stressed concrete tanks
  - $31.5M in total investment spent on these initiatives through 2019; additional projects scheduled in 2020

Note: Numbers may not tie due to rounding

¹ Subject to market conditions and Board and regulatory approvals
Strong and Consistent Earnings Growth

SJW Historical Recurring Earnings Per Share

Source: Company filings, investor presentations

1 SJW recurring earnings exclude impact of property sales, CTWS stock sales and non-recurring regulatory adjustments; 2018A recurring earnings exclude merger-related expenses for each company.
Stable and Consistent Dividend Growth

SJW Historical Dividend Per Share

- Combined company is expected to continue both SJW’s and CTWS’s strong track record of consistent dividend growth
- SJW has increased the annual dividend in each of the last 51 years

1 Includes $0.17/share special dividend declared in November 2017 and paid in December 2017.
Financial Highlights: SJW Group

EBITDA (in thousands)

- 2014: $133
- 2015: $125
- 2016: $142
- 2017: $150
- 2018: $147
- Pro Forma: $203

Debt to Capitalization

- 2014: 52%
- 2015: 50%
- 2016: 51%
- 2017: 48%
- 2018: 33%
- Pro Forma: 60%

Source: Company filings
Note: Pro forma company information presented as the sum of revenue and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") of SJW and CTWS; numbers as of December 31, 2018; 2018 EBITDA excludes merger-related expenses.
Commitment to Environmental, Social and Governance (ESG) Sustainability Practices

- Best-in-class corporate governance score from ISS
- Dedicated Board Sustainability Committee
- Honoring and continuing 152-year commitment to environmental stewardship
- Environmental stewardship remains a core value for the combined organization
- Combined company continues to demonstrate industry leadership in its efforts to promote water conservation and protect valuable lands and water resources
- Rate assistance program for customers in need of financial support
- Supplier Diversity Program designed to encourage, recruit, and utilize women, minority, disabled veteran, and LGBTQ-owned enterprises in our supply chain