



November 8, 2010

AQUA AMERICA INC. (WTR)

Rating: **NEUTRAL**
Current Price: **\$21.93**
Target Price: **NA**

Garik Shmois
T: 216-525-8414
E: gshmois@longbowresearch.com

Industry: Water Utilities							Valuation		Valuation	
Fiscal Year: Dec		1Q10A	2Q10A	3Q10A	4Q10E	FY10E	Multiple	FY11E	Multiple	
Market Cap (\$MM):	3,011	EPS:	\$0.16	\$0.22	\$0.32	\$0.23	\$0.92	23.8x	\$0.99	22.2x
		Prior:	-	-	\$0.30	\$0.24	\$0.91		\$0.97	
Net Debt (\$MM):	1,526	Consensus:			\$0.28	\$0.23	\$0.89	24.6x	\$0.96	22.8x
Enterprise Value (\$MM):	4,537	Last Year:	\$0.14	\$0.19	\$0.25	\$0.20	\$0.77			
Shares - FD (MM):	137.3									
		EBITDA:	\$0.61	\$0.71	\$0.89	\$0.74	\$2.95	11.2x	\$3.16	10.5x
Dividend:	\$0.58	Growth:	8%	11%	20%	11%	13%		7%	
Yield:	2.6%									
Beta:	0.70	Revenue:	\$161	\$178	\$208	\$184	\$730	6.2x	\$782	5.8x
Rel. P/E (FY2010E):	153%	Growth:	4%	7%	15%	9%	9%		7%	

WTR: Strong 3Q10 on Weather and Rate Increases, Maintaining NEUTRAL

SUMMARY

- WTR reported 3Q10 EPS of \$0.32 vs. our \$0.30 estimate and consensus of \$0.28. Revenues increased 15% y/y to \$208M, ahead of our \$203M forecast and consensus of \$199M.
- Revenues grew 15% y/y, of which 7% was due to rate increases and surcharges, and 7% was a result of higher consumption by existing customers due to hot and dry weather, particularly in the Northeast. The remaining 1% was from acquisitions and organic customer growth.
- WTR received \$48.6M in rate awards and infrastructure surcharges YTD (\$4.9M in 3Q10) and has another \$19M in rate cases pending. The company is expected to file \$11.5M in additional rate increases in 4Q10 that are expected to impact FY11 and FY12 results.
- The O&M ratio of 35.1% improved 280bp y/y vs. our 100bp expectation. That said, management does not believe it will be able to maintain this level going forward. We note that WTR already has the highest efficiency ratio among the large publicly traded water utilities. We are modeling a 100bp improvement in 4Q10 and a 40bp improvement in FY11.
- For 4Q10, we reduced our EPS estimate to \$0.23 (-\$0.01) to reflect a more conservative consumption view (-1% vs. +1% before) while our FY11E EPS increases to \$0.99 (+0.02) to account for the 3Q10 earnings beat.
- Although we are pleased to see WTR's 3Q10 beat, we believe the shares are fairly valued at present levels. We are maintaining our NEUTRAL rating as a result.



INVESTMENT THESIS

We continue to rate WTR shares NEUTRAL. While we are encouraged by the potential for earnings growth from improved ROEs under systems that were acquired in the southern states in 2003-04, as well as the resumption of acquisition activity, we believe the shares are fairly valued at current levels. WTR shares are trading at 23.8x our FY10E EPS of \$0.92 and 22.2x our FY11E EPS of \$0.99, which is a discount to the company’s historical 23x average. While we believe WTR should be valued at a premium given the company’s size and operational efficiency (the O&M ratio is currently industry leading), we see less upside potential given that valuations are reflecting historically in-line multiples.

DISCUSSION OF DETAILS

WTR reported 3Q10 EPS of \$0.32 vs. our \$0.30 forecast and consensus of \$0.28. Total revenues increased 15% y/y vs. our 12% forecast. Not surprisingly, hot and dry weather in the East was cited as the primary driver of the increased customer usage as volumes were up 9% vs. our 3% forecast. Net income increased 30% to \$44M, while we were expecting an increase of 22%. Operating margins of 43.1% exceeded our expectation of 42.1%.

WTR Summary 3Q10						
<i>FY Ends December 31</i>	3Q09	3Q10A	y/y act.	LBR 3Q10	y/y est.	Actual/LBR
Total Revenue	180.8	207.8	15%	202.7	12%	3%
Operations & Maintenance	68.5	73.0	7%	74.8	9%	-2%
Depreciation and Amortization	28.5	31.1	9%	30.4	7%	2%
General Taxes	12.4	14.2	15%	12.2	-2%	16%
Total Expenses	109.4	118.2	8%	117.4	7%	1%
Income from Operations	71.5	89.6	25%	85.3	19%	5%
Other Income & Expenses (net)	0.9	1.4	56%	1.7	89%	-18%
EBIT	72.4	90.9	26%	87.1	20%	4%
Interest Expense	17.3	19.2	11%	19.0	10%	1%
Income Before Taxes	55.1	71.8	30%	68.1	24%	5%
Provision for Income Taxes	21.6	28.1	30%	27.2	26%	3%
Net Income	33.5	43.7	30%	40.8	22%	7%
EPS (fully diluted)	0.25	0.32	28%	0.30	20%	7%

Source: Company Reports, LBR Estimates

- **Water Volumes:** YTD water volumes sold were up 5% y/y, with the bulk of the increase occurring during 3Q10 due to hot and dry weather. In the company’s two largest markets, New Jersey and Pennsylvania, water demand increased 30% y/y and 10% y/y in 3Q10, respectively. In Ohio, water volume sold increased by 10% y/y and was up marginally in Indiana. In Texas, Illinois and Florida, however, management noted that water volumes decreased during the quarter, although they did not specify by how much. As a reminder, the third quarter has historically been the most volatile of quarters relative to consumption due to the impact of weather.
- **O&M Expenses:** Operations and maintenance expenses increased 7% y/y due to non-cash charges resulting from the write-off of previously deferred expenses related to rate filings and expenses associated with increased water use. That said, the O&M ratio of 35.1% improved 280bp y/y vs. our 100bp expectation. Leverage off of improved sales drove the increase. The quarters’ O&M ratio was one of the best the company has ever reported, largely due to weather conditions during the quarter, and management does not believe it will be able to maintain this level going forward. We note that WTR already has the highest efficiency ratio among the large publicly traded water utilities, and its focus on cost control helps cash flow



and reduces its reliance on outside funding for its capital programs. We are modeling a 100bp improvement in 4Q and a 40bp improvement in FY11.

- **Revenue Growth:** Revenues grew 15% y/y, of which 7% was due to rate increases and surcharges and 1% was from acquisitions and organic customer growth. The remaining 7% increase was a result of higher consumption by existing customers due to hot and dry weather, particularly in the Northeast. The company believes consumption levels have reached normalized levels after declining last year due to the economic downturn and wet weather.
- **Rate Cases:** WTR received \$48.6M in rate awards and infrastructure surcharges YTD (\$4.9M in 3Q10) and has another \$19M in rate cases pending. The amount granted YTD represents ~7% TTM revenues. The company plans to file another \$11.5M in additional rate increased in 4Q10 that are expected to impact FY11 and FY12 results. The primary driver of the aforementioned rate case filings is the recovery of infrastructure investments.
- **Capex:** Capex for the quarter was \$99M and \$240M YTD. The company reiterated its target of \$300M for the year and \$1.5B over the next five years. In that the company is generating 80-85% of its cash internally, there is no immediate need to issue equity to fund its capex program.
- **Acquisition Outlook:** WTR has completed 14 acquisitions YTD (two in 3Q10) and continues to expect to complete 25 acquisitions in FY10, compared to its previous forecast of 20-30. Based on management's comments, it appears as though the company is in final discussions with numerous water utilities. That said, given the pace of deals so far this year, we would expect the company to come in towards the low end of its previously forecasted range, if not below. We note that WTR completed 18 acquisitions in the whole of 2009. Overall, we expect 1.5-2% customer growth through acquisition over the next several years to go towards offsetting declines in water usage due to conservation efforts.
- **Debt Issuance:** WTR announced last week that its largest subsidiary, Aqua Pennsylvania, will issue \$141.4M in tax-exempt first mortgage bonds. The first mortgage bonds will be issued in two series. The 2010 Series A was \$45.2M priced at a 5% coupon and 23-year maturity and the Series B was \$96.2M priced at 4.92% and a 32-year maturity. The proceeds of the bonds will be used by the company as part of its \$1B multi-year capital plan to enhance the delivery infrastructure system for its customers in Pennsylvania, most of which will be funded by internally generated cash and retained earnings.

ESTIMATE REVISIONS

We are reducing our 4Q10E EPS by (\$0.01) to \$0.23 to account for a more cautious demand assumption (-1% vs. +1% previously). Our FY11E EPS increases to \$0.99 from \$0.97.

VALUATION

WTR shares closed Friday at \$21.93, which is 23.8x our FY10E EPS of \$0.92 and 22.2x our FY11E EPS of \$0.99. The shares are trading at a discount to the company's historical 23x average, although within the normalized range of 20-30x forward P/E.

RISKS

Potential downside risks to our investment thesis and estimates include, but are not limited to: 1) a delay in rate case processing or lower rate increases by the regulators than our expectations, 2) a significant revenue loss from lower water demand caused by weather or economic conditions, 3) a significant increase in input costs, including electricity, fuel, chemical and purchase water prices, and 4) large acquisition(s) at excessive valuation(s) (significantly above the rate base). Potential upside risks to our investment thesis and estimates include, but are not limited to: 1) favorable rate case approvals above our expected ROE, 2) weather conditions leading to near-term revenue increases, and 3) a pullback in input costs.

Aqua America (WTR)
Quarterly Earnings Statement
(dollars in millions, except per share data)

	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11
	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10E	1Q11E	2Q11E	3Q11E	4Q11E
<i>FY ends December 31</i>																
Total Operating Revenue	139.3	150.8	177.1	159.8	154.5	167.3	180.8	167.9	160.5	178.4	207.8	183.6	175.1	193.4	220.7	192.6
Operation & Maintenance	64.3	65.1	66.7	65.9	67.0	68.5	68.5	66.0	67.6	69.3	73.0	70.3	72.3	74.9	78.3	71.8
Depreciation	21.5	20.6	22.8	23.9	26.4	25.0	25.4	26.2	26.2	26.8	27.5	27.7	27.9	28.1	28.3	29.3
Amortization	1.2	1.0	1.8	1.5	2.8	3.1	3.0	3.1	3.2	3.3	3.6	3.2	3.4	3.4	3.4	3.4
General Taxes	12.1	10.8	11.2	10.6	11.6	11.9	12.4	12.2	12.9	12.9	14.2	12.9	13.1	13.5	13.2	13.5
Recovery of restructuring costs																
Total Expenses	99.1	97.6	102.5	102.0	107.7	108.5	109.4	107.5	109.8	112.4	118.2	114.1	116.8	119.9	123.3	118.0
Income from Operations	40.2	53.1	74.6	57.9	46.8	58.9	71.5	60.4	50.7	66.1	89.6	69.5	58.4	73.5	97.4	74.6
Operating Margin (%)	28.9%	35.2%	42.1%	36.2%	30.3%	35.2%	39.5%	36.0%	31.6%	37.0%	43.1%	37.9%	33.3%	38.0%	44.1%	38.7%
All. for Borrowed Funds Used in Const.	1.0	1.1	1.0	0.6	0.6	0.6	0.7	0.9	1.5	1.5	1.1	1.3	1.3	1.3	1.2	1.3
Gain (loss) on sale of other assets		0.6	0.5	0.5	0.1	0.1	0.2	0.1	1.9	0.1	0.3	0.6	0.7	0.4	0.5	0.6
Other																
EBIT	41.2	54.8	76.1	59.0	47.5	59.5	72.4	61.4	54.2	67.6	90.9	71.4	60.4	75.3	99.2	76.4
EBIT (%)	29.6%	36.3%	43.0%	36.9%	30.8%	35.6%	40.0%	36.6%	33.7%	37.9%	43.8%	38.9%	34.5%	38.9%	44.9%	39.7%
Interest Expense	17.1	17.1	17.0	17.4	16.6	16.8	17.3	17.9	18.4	18.5	19.2	19.9	20.1	20.3	20.5	22.3
Income Before Taxes	24.0	37.7	59.1	41.7	30.9	42.7	55.1	43.5	35.7	49.1	71.8	51.5	40.3	54.9	78.6	54.1
												11%	9%	10%	7%	12%
Provision for Income Taxes	9.7	15.2	23.7	16.0	12.5	16.9	21.6	16.8	14.2	19.3	28.1	20.1	16.1	22.0	31.5	21.1
Implied Tax Rate	40.4%	40.2%	40.1%	38.4%	40.5%	39.5%	39.3%	38.7%	39.8%	39.3%	39.1%	39.0%	40.0%	40.0%	40.0%	39.0%
Net Income before extraord. Item	14.3	22.6	35.4	25.7	18.4	25.9	33.5	26.7	21.5	29.8	43.7	31.4	24.2	33.0	47.2	33.0
Comprehensive Income	14.3	22.7	35.2	25.7	18.4	26.1	33.3	26.8	21.1	29.8	43.7	31.4	24.2	33.0	47.2	33.0
Diluted Net Income Per Share	0.11	0.17	0.26	0.19	0.14	0.19	0.25	0.20	0.16	0.22	0.32	0.23	0.18	0.24	0.34	0.24
Weighted Avg. Shares	134.0	134.1	135.3	135.6	135.9	135.9	136.3	136.5	136.8	137.3	137.4	138.2	138.2	138.6	139.1	139.5
Financial Summary (values in %)																
Revenue Growth	1.4%	0.1%	7.0%	7.2%	10.9%	11.0%	2.1%	5.0%	3.9%	6.6%	14.9%	9.4%	9.1%	8.4%	6.2%	4.9%
Operations & Maintenance/Revenue	46.2%	43.2%	37.7%	41.2%	43.4%	41.0%	37.9%	39.3%	42.1%	38.8%	35.1%	38.3%	41.3%	38.7%	35.5%	37.3%
EBIT (% of rev.)	29.6%	36.3%	43.0%	36.9%	30.8%	35.6%	40.0%	36.6%	33.7%	37.9%	43.8%	38.9%	34.5%	38.9%	44.9%	39.7%
General taxes as % of revenue	8.7%	7.2%	6.3%	6.7%	7.5%	7.1%	6.9%	7.3%	8.0%	7.3%	6.8%	7.0%	7.5%	7.0%	6.0%	7.0%
EBITDA	63.8	76.4	100.7	84.4	76.7	87.5	100.8	90.7	83.5	97.8	122.0	102.3	91.7	106.7	130.8	109.1
Net Income Growth	-15.0%	-5.0%	19.9%	3.0%	28.3%	14.6%	-5.4%	3.9%	17.1%	15.5%	30.6%	17.7%	12.5%	10.4%	7.9%	5.1%
EPS Growth	-15.5%	-5.3%	18.6%	1.8%	26.5%	13.0%	-6.1%	3.2%	16.3%	14.4%	29.5%	16.3%	11.4%	9.3%	6.6%	4.1%

Source: Aqua America and Longbow Research
Garik Shmos
216-525-8414
gshmois@longbowresearch.com



Aqua America (WTR)
Annual Earnings Statement
(dollars in millions, except per share data)

<i>Income Statement</i>	FY04A	FY05A	FY06A	FY07A	FY08A	FY09	FY10E	FY11E
Total Operating Revenue	442.0	496.8	533.5	602.5	627.0	670.5	730	782
Operation & Maintenance	178.3	203.1	219.6	253.1	262.1	270.1	280.2	297.4
Depreciation	54.6	60.7	70.9	83.2	88.8	103.0	108.2	113.6
Amortization	4.3	4.7	4.1	4.8	5.5	11.9	13.3	13.6
General Taxes	27.6	31.7	33.3	45.4	44.7	48.1	52.8	53.4
-	-	-	-	-	-	-	-	-
Total Expenses	264.8	300.3	327.9	386.5	401.2	433.1	454.5	477.9
Income from Operations	177.2	196.5	205.6	216.0	225.8	237.5	275.8	303.9
Operating Margin (%)	40.1%	39.6%	38.5%	35.9%	36.0%	35.4%	37.8%	38.9%
Allow. for Borrowed Funds Used in Const.	2.3	2.4	3.9	3.0	3.7	2.9	5.3	5.1
Gain (loss) on sale of other assets	1.3	1.2	1.2	3.5	1.6	0.5	2.9	2.3
Other	-	-	-	-	-	-	-	-
EBIT	180.8	200.1	210.7	222.5	231.1	240.8	284.1	311.3
EBIT (%)	40.9%	40.3%	39.5%	36.9%	36.9%	35.9%	38.9%	39.8%
Interest Expense	48.7	52.1	58.4	66.9	68.6	68.6	76.0	83.3
Income Before Taxes	132.1	148.1	152.3	155.5	162.5	172.2	208.1	228.0
Provision for Income Taxes	52.1	56.9	60.2	60.5	64.6	67.8	81.6	90.7
Implied Tax Rate	39.4%	38.4%	39.6%	38.9%	39.7%	39.4%	39.2%	39.8%
Net income	80.0	91.2	92.0	95.0	97.9	104.4	126.5	137.3
Comprehensive Income	78.1	89.8	95.3	94.8	97.9	104.7	125.2	137.3
Diluted Net Income Per Share	0.64	0.71	0.70	0.71	0.73	0.77	0.92	0.99
Weighted Avg. Shares	125.7	129.2	131.8	133.6	134.7	136.1	137.4	138.8
Financial Summary (values in %)								
Revenue Growth	20.4%	12.4%	7.4%	12.9%	4.1%	6.9%	8.9%	7.0%
Operations & Maintenance/Revenue	40.3%	40.9%	41.2%	42.0%	41.8%	40.3%	38.4%	38.0%
Dep/Net Fixed Asset	3.0%	2.9%	3.1%	3.3%	3.2%	3.4%	3.4%	3.3%
Depreciation Growth	12.5%	11.3%	16.7%	17.3%	6.7%	16.0%	5.0%	5.0%
General taxes as % of revenue	6.2%	6.4%	6.2%	7.5%	7.1%	7.2%	7.2%	6.8%
Interest Exp/ Average Net Debt	5.6%	5.3%	5.8%	5.9%	5.2%	5.0%	5.0%	5.1%
Interest Expense/Revenue	11.0%	10.5%	11.0%	11.1%	10.9%	10.2%	10.4%	10.7%
EBITDA	239.7	265.6	285.7	310.5	325.4	355.7	405.6	438.5
Net income growth	13.0%	13.9%	0.9%	3.3%	3.1%	6.6%	21.2%	8.6%
Average ROE	11.4%	11.7%	10.6%	10.0%	9.6%	9.6%	11.4%	12.1%
EPS Growth (exspecial items and FAS 123)	7.0%	10.9%	-1.0%	1.9%	2.2%	5.5%	20.1%	7.5%

Source: Aqua America and Longbow Research
 Garik Shmos
 216-525-8414
gshmois@longbowresearch.com

WATER INDUSTRY PEER VALUATION

(\$ in millions, except per share data)

Company	Ticker	FY End	Rating	Target	% Upside	Share Price	52 Week		Mkt Cap	Revenue Last	Last FY	Earnings per Share		P/E		Dividend Rate	Price/Book	
							Hi	Lo				Current FY	Next FY	Current FY	Next FY			
U.S. WATER UTILITIES																		
AMER STATES WATER	AWR	Dec.	Neutral			\$38.13	\$39.61	\$31.20	\$ 708	\$ 361	1.62	1.81	2.00	21.1x	19.1x	2.7%	1.8x	
AMERICAN WATER WORKS	AWK	Dec.	BUY	\$29	17%	\$24.81	\$24.22	\$19.34	\$ 4,289	\$ 2,841	1.25	1.55	1.70	16.0x	14.6x	3.6%	1.0x	
AQUA AMERICA	WTR	Dec.	Neutral			\$21.93	\$21.72	\$15.66	\$ 2,958	\$ 671	0.77	0.92	0.99	23.8x	22.2x	2.9%	2.2x	
CALIFORNIA WATER	CWT	Dec.	Neutral			\$37.72	\$39.70	\$33.81	\$ 784	\$ 449	1.95	1.91	2.20	19.7x	17.2x	3.2%	1.8x	
ARTESIAN RESOURCES	ARTNA	Dec.	NR			\$19.33	\$19.59	\$15.54	\$ 145	\$ 61	0.97	1.04	1.1	18.6x	17.6x	3.9%	1.5x	
CONNECTICUT WATER	CTWS	Dec.	NR			\$25.03	\$26.44	\$20.00	\$ 216	\$ 59	1.19	1.08	1.08	23.2x	23.2x	3.7%	2.0x	
MIDDLESEX WATER	MSEX	Dec.	NR			\$18.20	\$18.70	\$14.74	\$ 285	\$ 91	0.72	0.99	0.97	18.4x	18.8x	4.0%	1.7x	
PENNICHUCK	PNNW	Dec.	NR			\$24.07	\$24.50	\$19.00	\$ 111	\$ 33	0.55	0.75	0.79	32.1x	30.5x	3.1%	1.8x	
SIW	SIW	Dec.	NR			\$24.50	\$28.24	\$20.95	\$ 458	\$ 216	0.81	0.97	1	25.3x	24.5x	2.7%	1.7x	
YORK WATER CO (THE)	YORW	Dec.	NR			\$16.15	\$16.76	\$12.83	\$ 202	\$ 37	0.64	0.69	0.74	23.4x	21.8x	3.2%	2.1x	
Average														22.2x	20.9x	3.3%	1.7x	
EQUIPMENT/ FILTRATION/ TREATMENT SECTOR																		
PENTAIR	PNR	Dec.	BUY	\$39	15%	\$33.87	\$39.32	\$29.41	\$ 3,350	\$ 2,692	1.47	1.96	2.28	17.2x	14.8x	2.2%	1.6x	
WATTS WATER TECH	WTS	Dec.	Neutral			\$34.85	\$37.00	\$27.51	\$ 1,294	\$ 1,234	1.54	2.00	2.26	17.5x	15.5x	1.3%	1.3x	
AMERON INT'L	AMN	Nov.	NR			\$75.84	\$72.93	\$54.27	\$ 676	\$ 547	3.05	3.12	4.11	24.3x	18.5x	1.6%	1.1x	
BADGER METER	BMI	Dec.	NR			\$42.90	\$44.71	\$32.58	\$ 643	\$ 250	1.80	1.91	2.08	22.5x	20.6x	1.3%	4.1x	
CALGON CARBON	CCC	Dec.	NR			\$15.32	\$18.35	\$11.75	\$ 853	\$ 412	0.69	0.68	0.87	22.5x	17.6x	0.0%	2.5x	
ENERGY RECOVERY	ERII	Dec.	NR			\$3.57	\$7.28	\$3.08	\$ 192	\$ 47	0.07	(0.02)	0.07	NM	NM	0.0%	2.9x	
FRANKLIN ELECTRIC	FELE	Jan.	NR			\$36.38	\$38.27	\$24.93	\$ 836	\$ 626	1.29	1.85	2.19	19.7x	16.6x	1.4%	1.7x	
GORMAN-RUPP	GRC	Dec.	NR			\$31.34	\$31.47	\$22.81	\$ 531	\$ 266	1.15	1.33	1.61	23.6x	19.5x	1.3%	2.6x	
ITRON	ITRI	Dec.	NR			\$60.71	\$81.95	\$52.05	\$ 2,488	\$ 1,687	2.09	4.03	4.33	15.1x	14.0x	0.0%	1.9x	
LAYNE CHRISTENSEN	LAYN	Jan.	NR			\$29.72	\$30.73	\$22.97	\$ 581	\$ 866	0.81	1.21	1.49	24.6x	19.9x	0.0%	1.1x	
MUELLER WATER PRODUC	MWA	Sept.	NR			\$3.34	\$5.99	\$2.21	\$ 526	\$ 1,338	-0.29	(0.15)	0.15	NM	NM	2.1%	1.9x	
NORTHWEST PIPE	NWPX	Dec.	NR			\$22.62	\$33.05	\$14.62	\$ 176	\$ 440	0.47	1.30	1.33	17.4x	17.0x	0.0%	1.3x	
PALL	PLL	Jul.	NR			\$44.69	\$44.65	\$31.06	\$ 5,202	\$ 2,402	1.77	2.33	2.33	19.2x	19.2x	1.4%	3.7x	
SMITH (A.O.)	AOS	Dec.	NR			\$59.78	\$59.81	\$40.62	\$ 1,826	\$ 1,991	2.85	4.06	4.38	14.7x	13.6x	1.4%	1.7x	
Average														19.2x	17.1x	0.8%	2.1x	
WATER RESOURCES/ INFRASTRUCTURE																		
INSITUFORM TECH	INSU	Dec.	NR			\$22.64	\$28.38	\$18.52	\$ 880	\$ 727	1.04	1.52	1.77	14.7x	12.7x	0.0%	1.6x	
LINDSAY	LNN	Aug.	NR			\$61.82	\$59.59	\$30.80	\$ 783	\$ 358	1.11	1.77	2.08	34.3x	29.2x	0.5%	2.5x	
TETRA TECH	TTEK	Sept.	NR			\$21.68	\$28.18	\$18.00	\$ 1,344	\$ 2,287	1.22	1.20	1.40	18.2x	16.0x	0.0%	2.5x	
Average														20.0x	18.0x	0.7%	2.4x	
Relevant Indices																		
Dow Jones Industrials	DJ30																Share Price	\$11,381
S&P 500	SPX																Share Price	\$1,222
Nasdaq Composite	NDX																Share Price	\$2,184

Source: Baseline; Company reports and LBR Estimates. EPS reflects diluted EPS, excluding extraordinary items. Numbers in italics reflect consensus estimates.

** Time period for annual estimates may vary based on reporting date.



APPENDIX

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Covered Companies Mentioned In This Report:

Aqua America Inc.	WTR	\$21.55	Neutral
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