



ANNUAL MEETING OF SHAREHOLDERS 2018

May 22, 2018



Achieving Shareholder Value Through Sustained Investment in Regulated Utility Infrastructure



Forward Looking Statement



As an introduction to the information we will be discussing, please be aware that some of our comments can be considered forward-looking statements as defined by the federal securities laws and as outlined in the Company's SEC filings. As such, any forward-looking statements are based on currently available information and management's assumptions, expectations, and estimates; however, actual results may vary significantly. Risk factors that could cause actual results to vary from expectations are described in the Company's filings with the SEC. These factors are also available in our most recent earnings release which can be viewed on our website at www.middlesexwater.com or in our Annual Report.

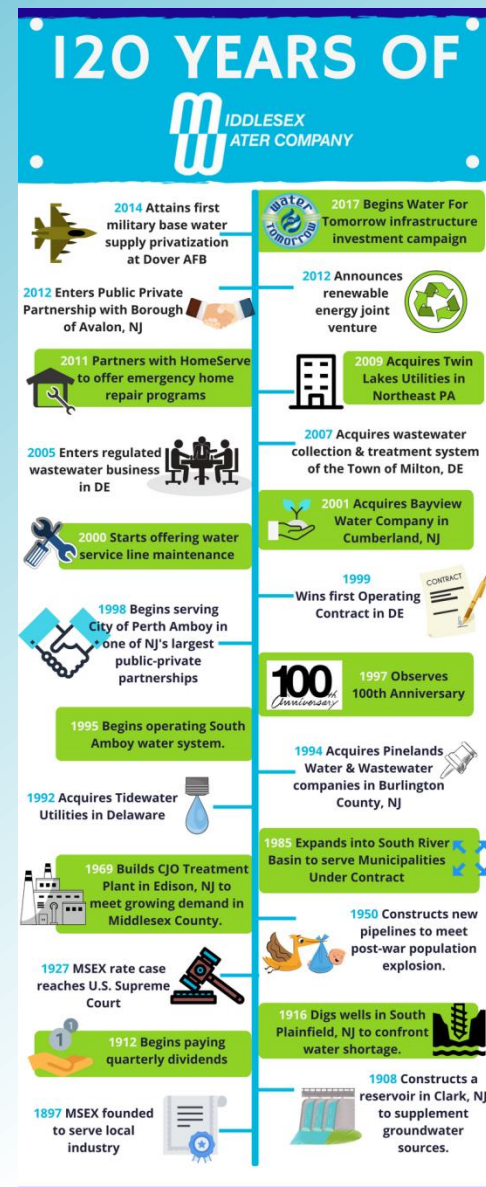
Life Sustaining Water Ensures Public Health Protection, Fire Protection, Quality of Life and Economic Growth





MWC held an Open House Reception and Plant Tour
for local officials in observance of its
120th Anniversary in 2017

Celebrating 120 Years



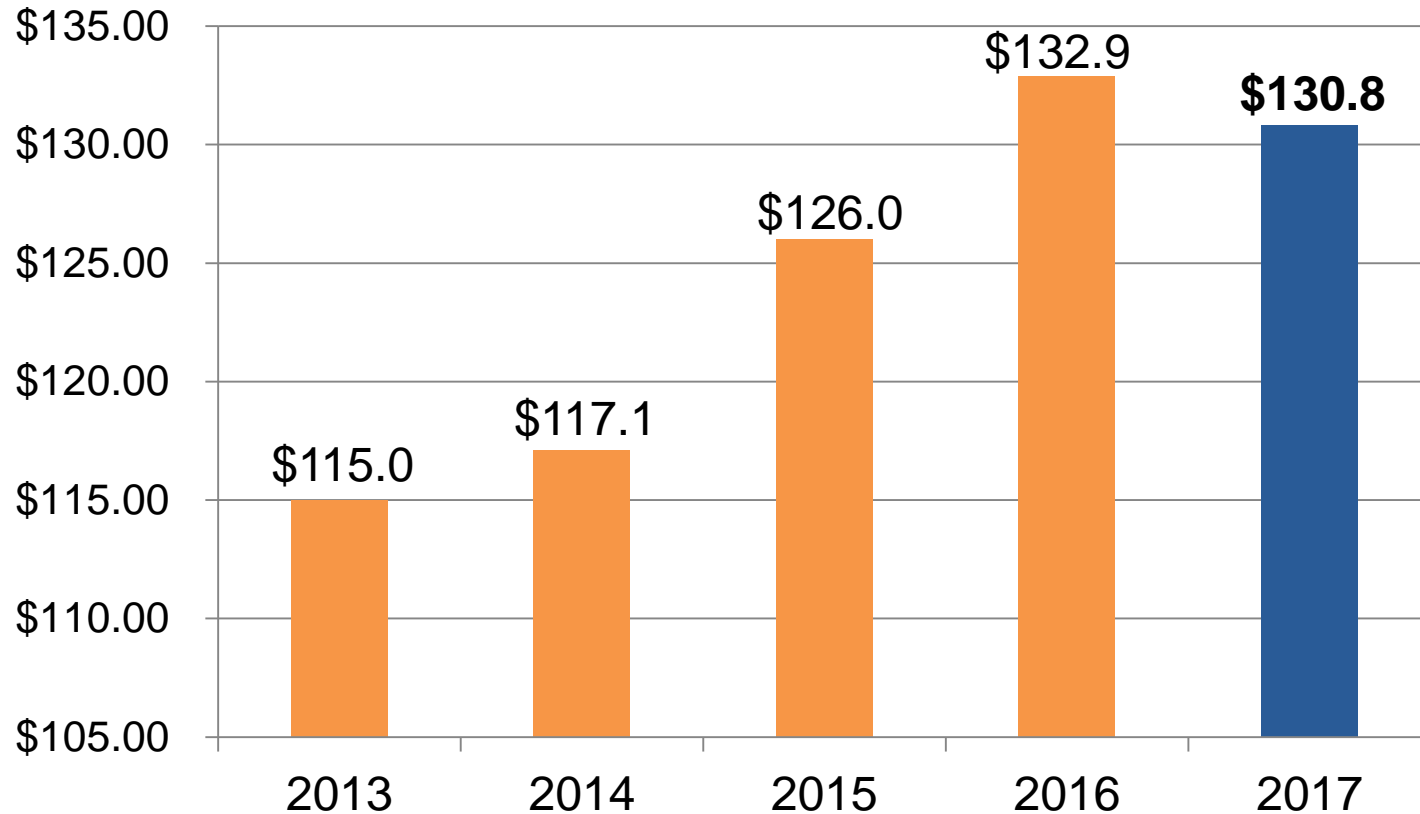
Company Overview

Incorporated:	1897
Market Cap:	\$672 Million
52-Week Range:	\$32.23-\$46.74
3 Month Avg. Volume:	76,641
Shares Outstanding:	16.3 Million
Dividend Yield:	2.14%
Annual Dividend:	\$0.90
Institutional Ownership:	56%



FINANCIAL HIGHLIGHTS

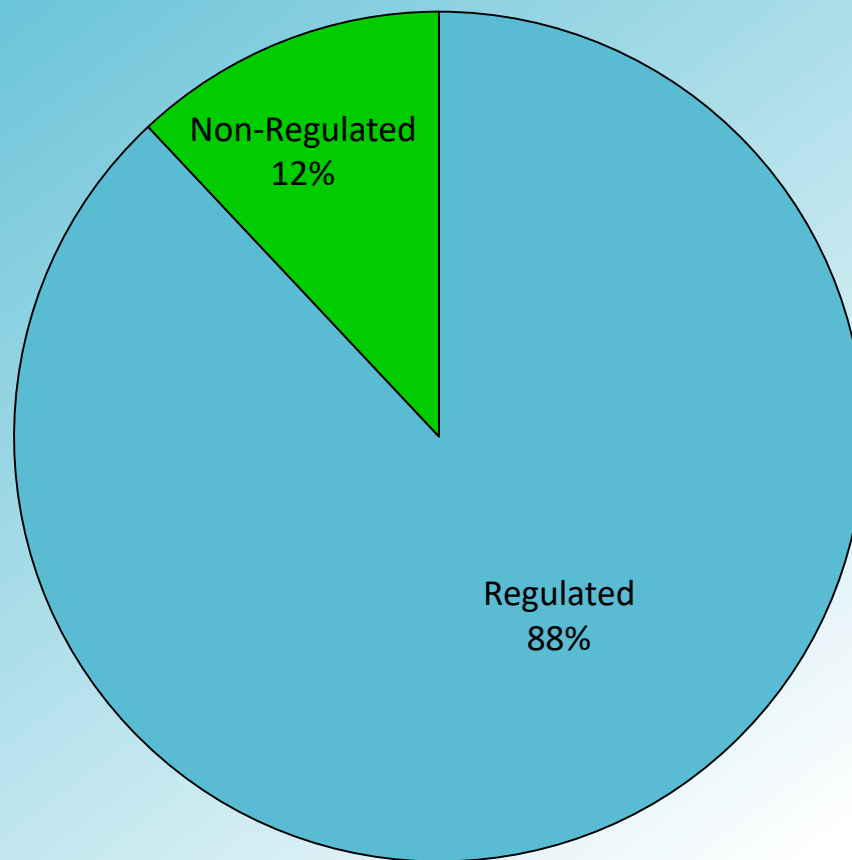
REVENUES (\$Millions)

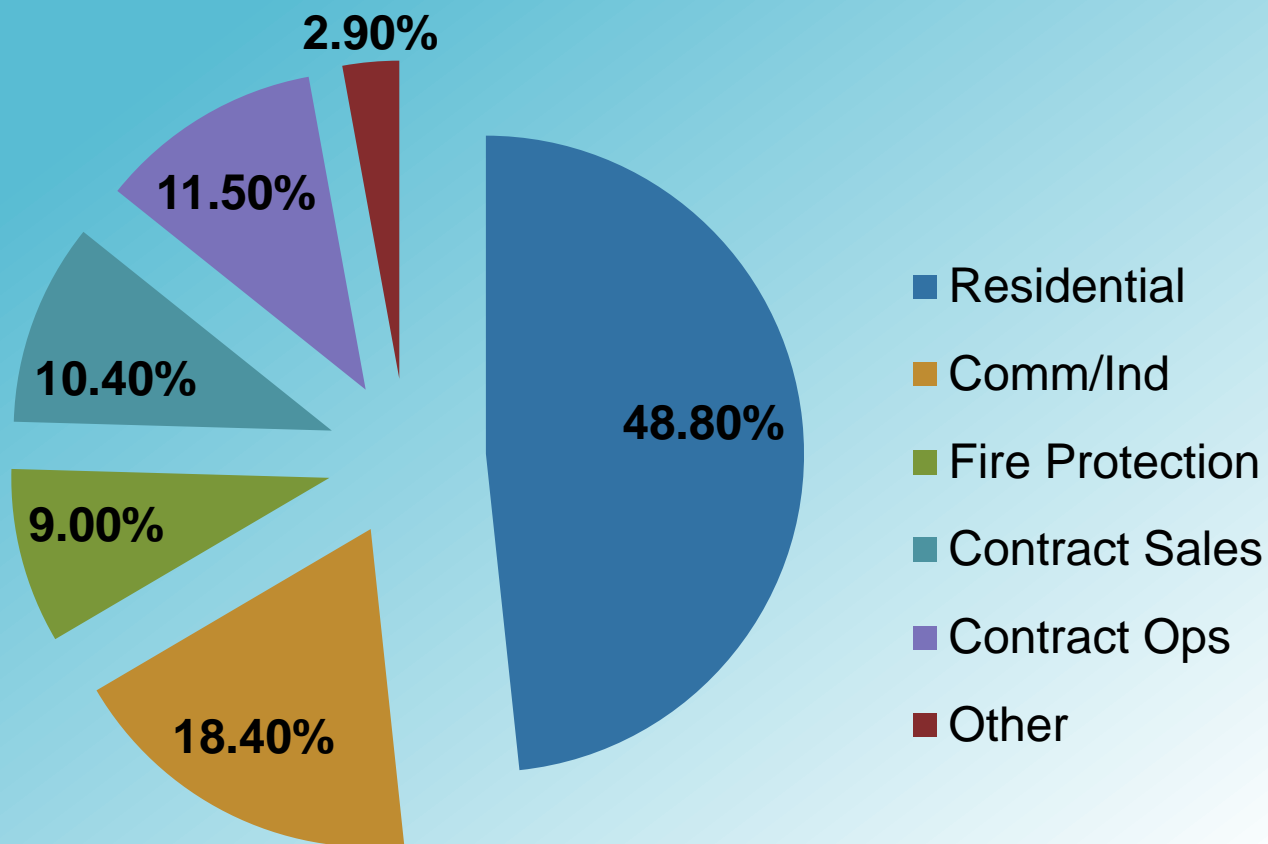


TOTAL REVENUES

(By Segment)

2017

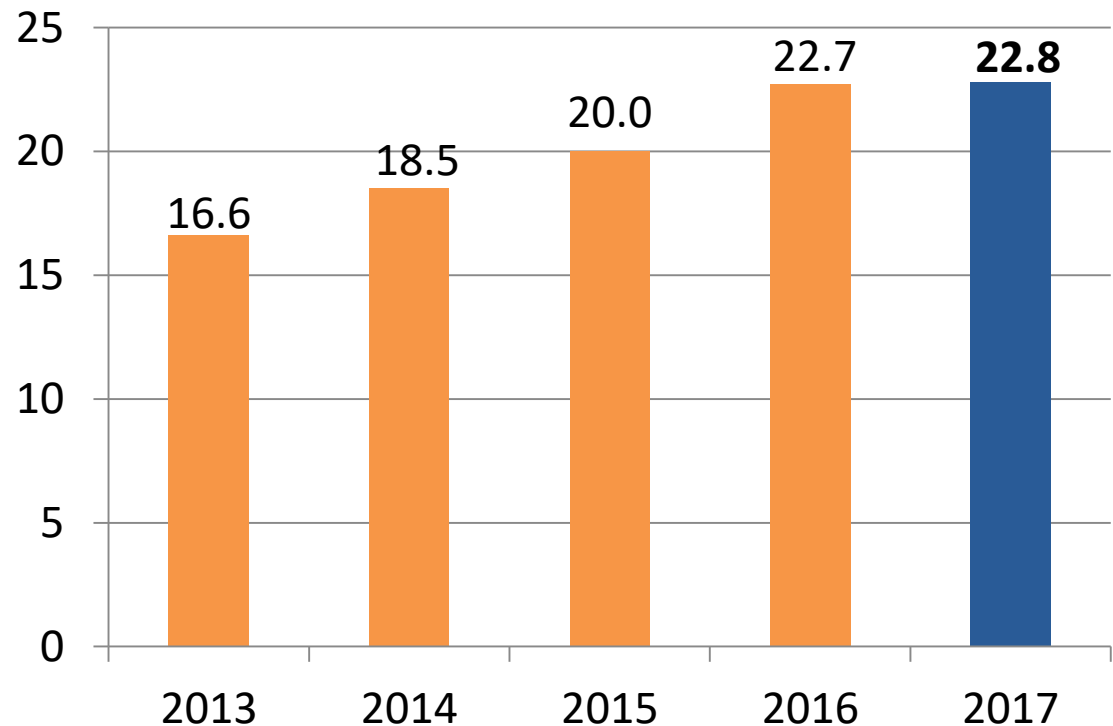
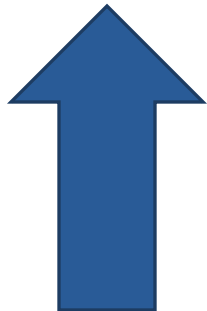




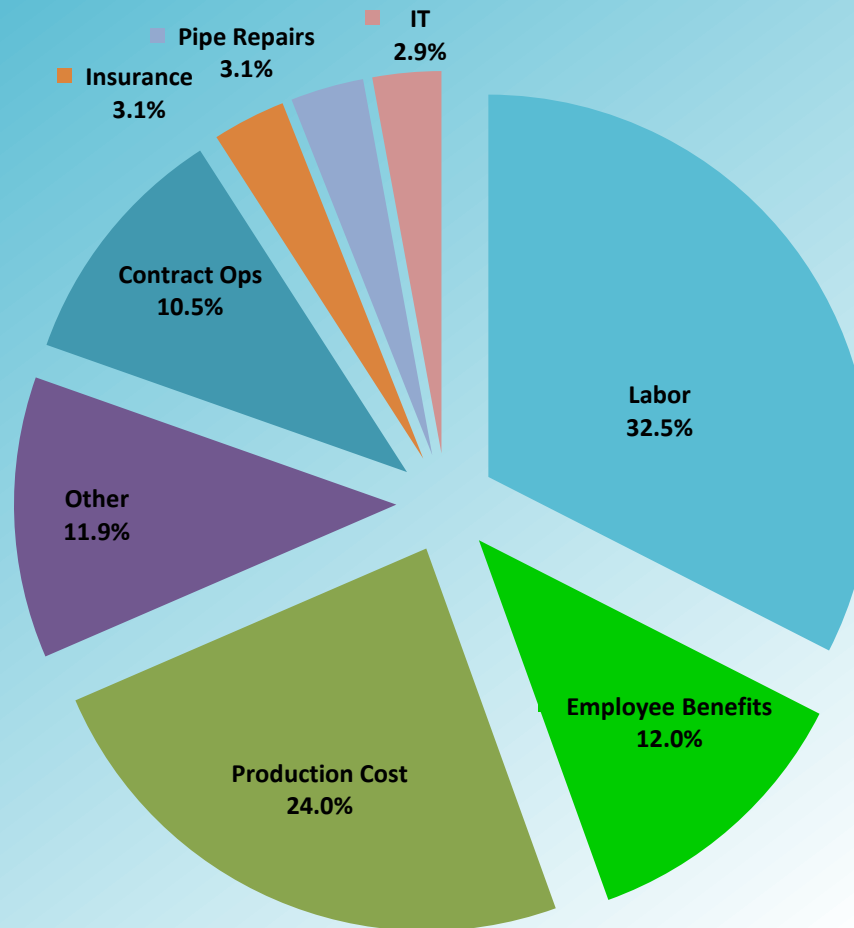
REVENUE SOURCES

NET INCOME (\$Millions)

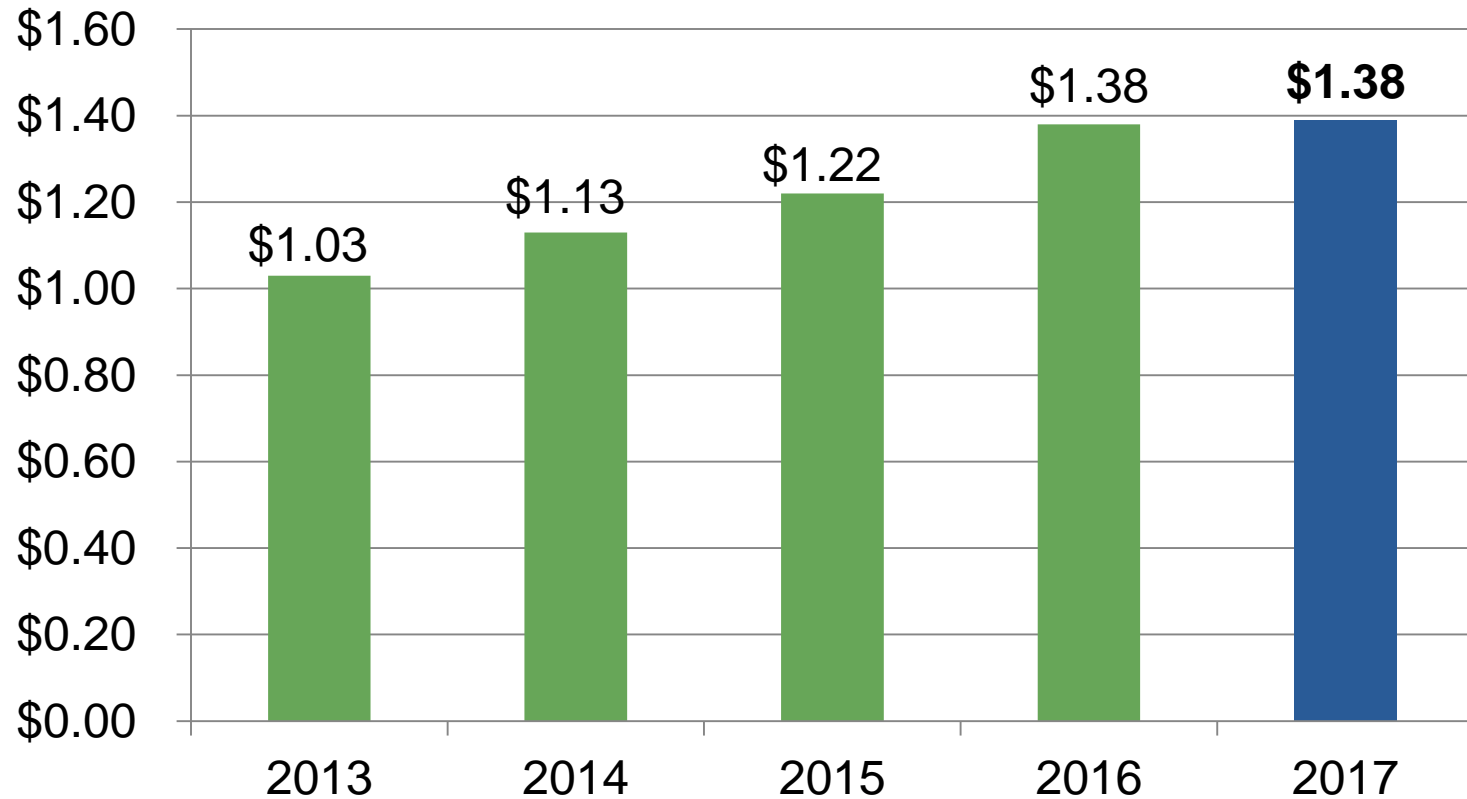
 **Net income up
\$0.1 Million**



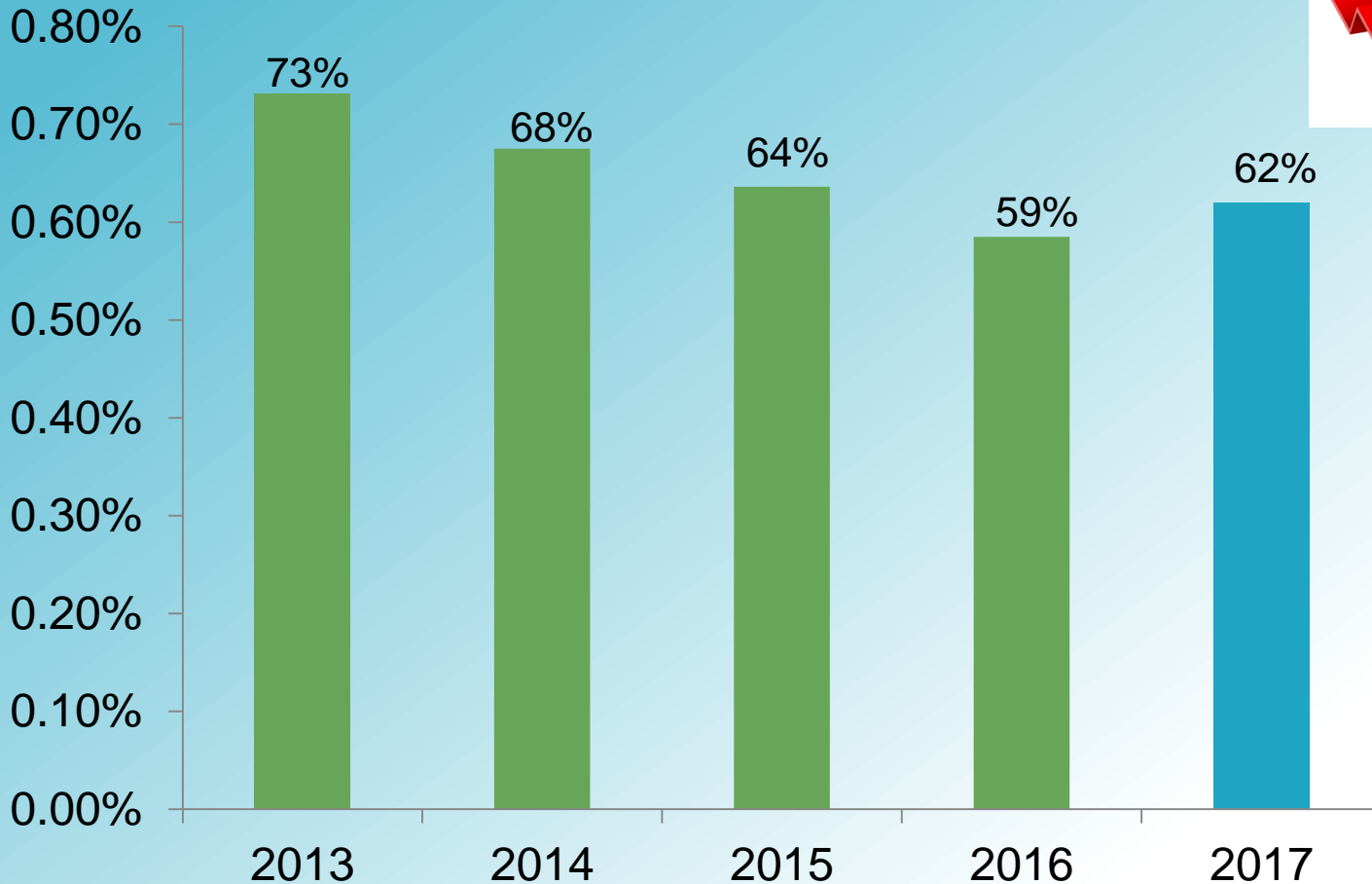
2017 O&M EXPENSE



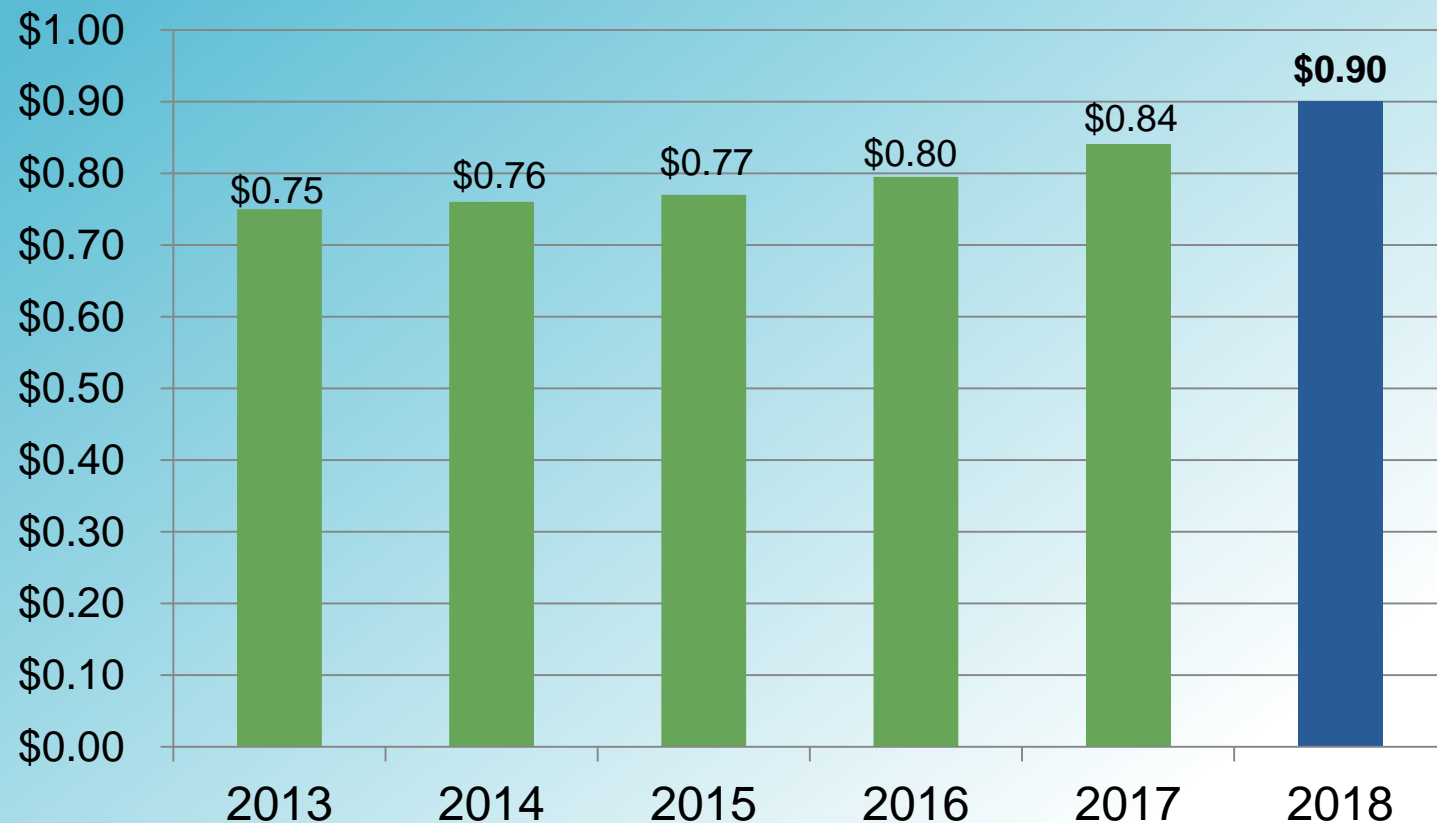
EARNINGS PER SHARE



DIVIDEND PAYOUT RATIO



DIVIDENDS



FIRST QUARTER 2018 RESULTS

(In Millions)

Operating
Revenues

O&M Expenses

Net
Income

Diluted Earnings
per Share

2018

\$31.2

\$17.8

\$4.5

\$0.27

2017

\$30.1

\$15.9

\$4.4

\$0.27

FACTORS AFFECTING EARNINGS



WEATHER



TIMELY RATE RECOVERY



**COST
MANAGEMENT**



CUSTOMER GROWTH

	<u>Effective</u>	<u>Annual Revenues</u>
Middlesex	04/01/18	\$5.5M
Middlesex PWAC	10/30/17	\$0.8M
TUI DSIC	01/01/18	\$0.4M
Pinelands Water	05/07/18	\$0.1M

RATE **ACTIVITY**



CONSTRUCTION PROGRAM

2018

\$78 Million

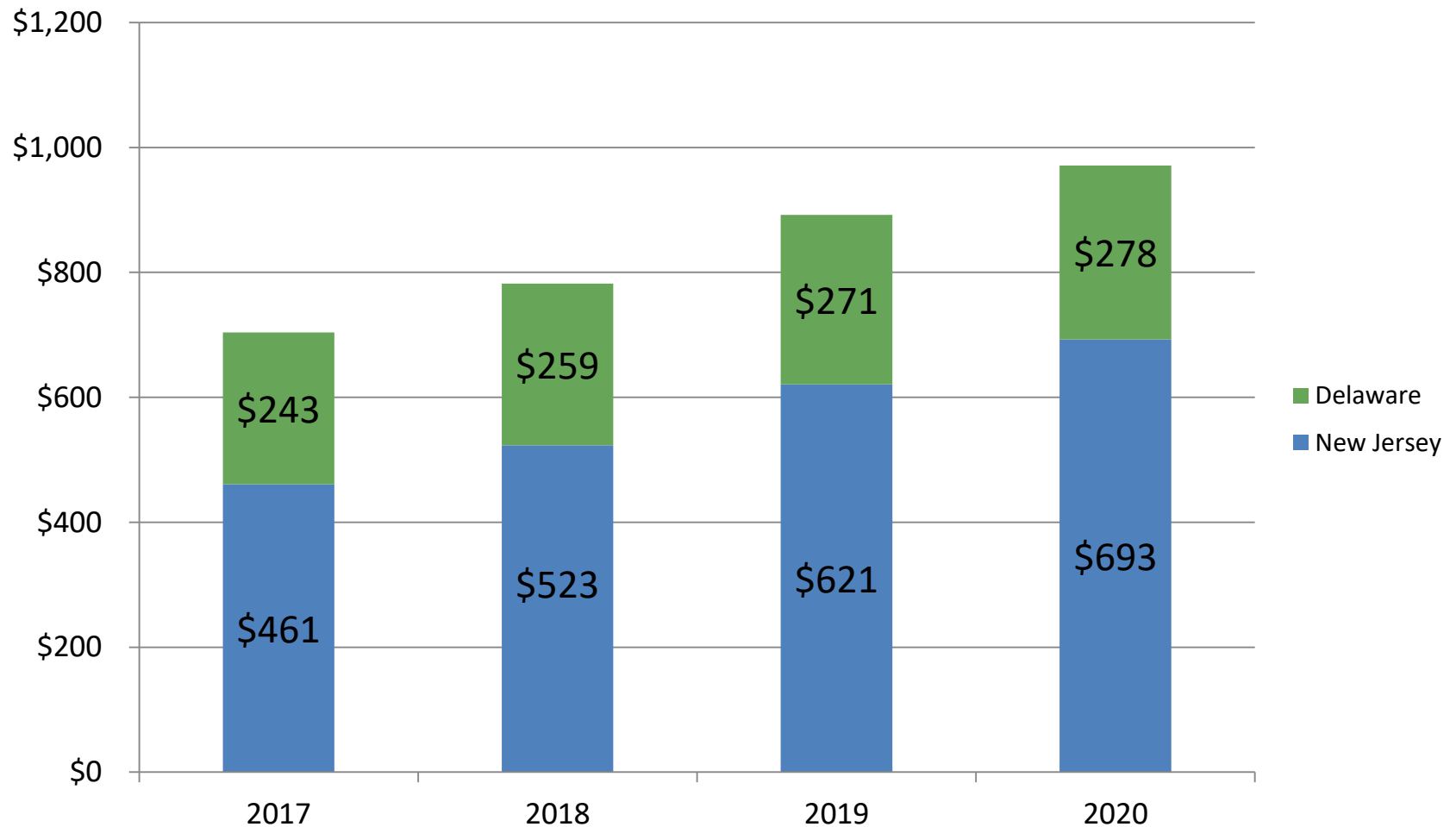
5 Yrs.

Up to **\$305 Million**



**OUTLOOK for
Estimated Capital Expenditures**

UTILITY PLANT (\$Millions)



CAPITAL PROGRAM FUNDING

Cash Flow
from
Operations

Investment
Plan
Proceeds

State
Revolving
Fund Loans

Short Term
Lines of
Credit



NEW JERSEY

RENEW 2017:

- \$9.4 Million, 30 Year Term, Interest Rate less than 1.5%.
- Closing May 22, 2018.

Western Transmission Main:

- Estimated Construction Loan \$52 Million, up to 3 years, current interest rate = 0%.

RENEW 2018:

- Estimated Construction Loan \$10 Million, up to 1.5 years, current interest rate = 0%.

DELAWARE

Holiday Pines:

- \$1.0 million, 20 Year Term, Interest 2.02%. Closing May 11, 2018.



2018 SRF Loans



OPERATIONS HIGHLIGHTS

CYBER STORM VI

- MWC Employees participated in the **Design and Execution** of the Disaster Exercise
- Other Players included FBI, NJ State Police and Homeland Security
- Participating with MWC were representatives of the **New Jersey Department of Environmental Protection** and the **New Jersey Board of Public Utilities**



MWC participated in Cyber Storm VI, a national-level **cyber exercise** presented by the Department of Homeland Security, which simulated a cyber crisis of national consequence with impact to water infrastructure.

HEADQUARTERS RELOCATION

- ✓ MWC Headquarters and Payment Center moving to a nearby location
- ✓ J. Richard Tompkins Center to be completely Renovated
- ✓ Operations Center and Fleet remain at this Location
- ✓ Shop area and Yard to be Expanded



LARGE SCALE **INFRASTRUCTURE** INVESTMENTS FOR GREATER RELIABILITY, RESILIENCY & SERVICE QUALITY



**Back-Up Power
Generation**



Ozonation



Plant Upgrades



**Large Main
Construction**



Main Replacement



Additional Storage



**Booster Station
Upgrades**

INTERCONNECTION UPGRADES ESSENTIAL FOR RELIABILITY



The \$3 million booster station upgrade ensures **desired water pressures** for peak demands and allows for the **transfer of water** between systems in emergencies.



✓ Design Complete



Converting the treatment process in NJ to ozone disinfection to **ensure compliance** with increasingly stringent drinking water quality regulations and to mitigate the occurrence of disinfection by-products.



WASTEWATER TREATMENT PLANT CONSTRUCTION



- Replacing **aging infrastructure** in existing plants in Milton, Delaware.
- Ensure **regulatory compliance** with Discharge to Surface Water Permit
- 350 gpd Treatment Plant
- Construction Planned for 2018-2019
- 100% Designed



Current Plant →

WATER QUALITY ACCOUNTABILITY ACT

- ✓ Establishes **new requirements for public water purveyors** to improve the safety, reliability and administrative oversight of water infrastructure.
- ✓ Applies to ALL water systems with **more than 500** service connections.

The WQAA Requires:

- Asset Management Plans
- Testing of Valves and Fire Hydrants
- Mitigation Plan for Violations
- Cybersecurity Program



Rick Risoldi discussed water management strategies and new requirements of the WQAA at the Association of Environmental Authorities Annual Conference.

MEETING WASTEWATER NEEDS FOR THE NEXT GENERATION IN NJ



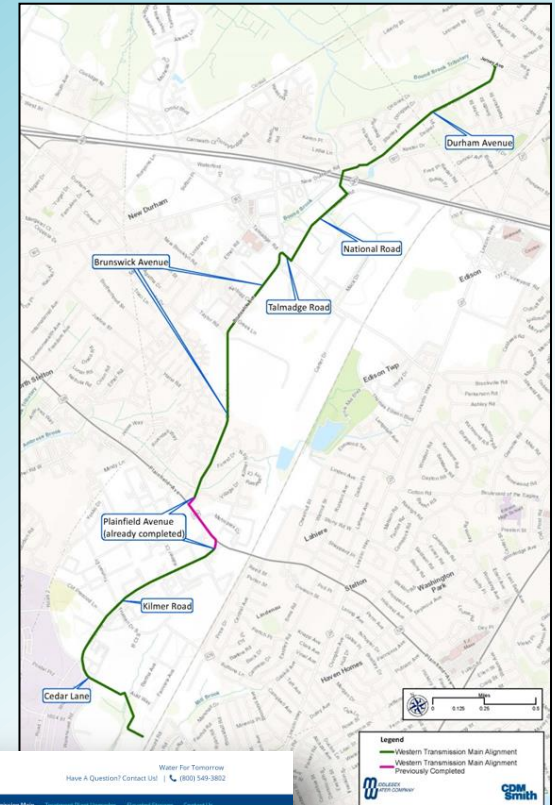
Our subsidiary, Pinelands Wastewater is **upgrading aging infrastructure** at its WWTP serving residents of Southamptown Township, New Jersey.



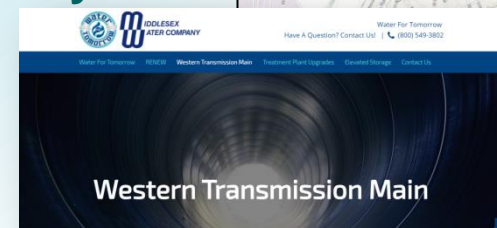
CRITICAL RESILIENCY TRANSMISSION MAIN



- **4.5 Miles** of 42-inch diameter main through Edison and Metuchen, New Jersey
- **Sustains water supply** to over 300,000 residents and businesses in eastern Middlesex County
- **\$52 Million** Project Needed for Added **Reliability, Resiliency and Redundancy**



www.WaterForTomorrowMWC.com



WESTERN TRANSMISSION MAIN GROUNDBREAKING



SUSTAINING A HIGH PERFORMANCE CULTURE

- **315** Employees in the Middlesex Water Enterprise
- Over **3,500 Training Hours** in 2017.
- 29 Licensed Operators in Delaware
51 Licensed Operators in NJ
2 Licensed Operators in PA
- Through employee development, we're **enhancing service** to our **customers**. We support our employees' development and organizational effectiveness by offering quality training, career advice and leadership development opportunities to help them grow personally and professionally.



Presentations



Safety Training



Volunteer Opportunities

HONORS AND RECOGNITION



Rob Capko, Rising Star
CFO of the Year Awards



AWWA-NJ Project of the Year



Water & Wastewater
Operators of the Year

Bernadette Sohler, Top 25
Leading Women Corporate
Leaders



Jersey Water Works
New Jersey One Water Award



Brian Carr Named AWWA-NJ Chair



Dennis Doll, Honorary Grand
Marshal, South Amboy St. Patrick's
Day Parade

SERVING OUR COMMUNITIES



- ✓ Regulated Utility Business
- ✓ Over a century of water utility management experience
- ✓ Supportive regulatory environment
- ✓ Stable residential customer base
- ✓ Corporate Credit Rating “A” Stable
- ✓ Strong financial record and balance sheet
- ✓ Driving shareholder value through investments in regulated utility infrastructure
- ✓ Established reputation for operational and technical excellence
- ✓ 45 Years of Consecutive Dividend Increases



Our Profile of Performance

In Grateful Acknowledgement

The Middlesex Water family
of Companies acknowledges

**Director John R.
Middleton, M.D.**

for his leadership and
counsel throughout his 19
years of service.



Thank YOU Dr. Middleton!



QUESTIONS?

This presentation will be
available on our Investor
Relations Site at
www.middlesexwater.com

**Thank you for your
ongoing support!**

