

SJW CORP. ANNOUNCES 2016 SECOND QUARTER FINANCIAL RESULTS

SAN JOSE, CA, July 27, 2016 – SJW Corp. (NYSE: SJW) today reported financial results for the second quarter ended June 30, 2016. Net income was \$16.8 million for the quarter ended June 30, 2016, compared to \$7.5 million for the same period in 2015. Diluted earnings per share were \$0.82 and \$0.36 for the quarters ended June 30, 2016 and 2015, respectively.

Operating revenue was \$86.9 million in the quarter compared to \$72.4 million in 2015. The \$14.5 million increase in revenue was primarily attributable to \$8.7 million in true-up revenue recognized as a part of the decision on our 2015 California General Rate Case application, \$4.6 million in cumulative rate increases, \$3.5 million related to revenue tracked in our Water Conservation Memorandum Account and a \$300,000 change in the net recognition of certain other balancing and memorandum accounts. These increases were partially offset by \$2.5 million in lower customer usage.

Water production expenses for the second quarter of 2016 were \$27.7 million versus \$26.8 million for the same period in 2015, an increase of \$900,000. The increase in water production expenses was primarily attributable to \$3.6 million in higher per unit costs for purchased water, groundwater extraction and energy charges partially offset by \$2.8 million in lower expenses due to an increase in the use of available surface water supply. Operating expenses, excluding water production costs, increased \$1.1 million to \$29.5 million from \$28.4 million. The increase was primarily due to \$1.0 million of higher depreciation expenses due to assets placed in service in 2015, \$210,000 in higher maintenance expenses due primarily to main repairs and \$72,000 of higher administrative and general expenses, partially offset by a decrease of \$206,000 in property taxes and other non-income taxes due to a property tax refund.

Other expense and income in the second quarter and first six months of 2016 included a pre-tax gain on the sale of 159,151 shares of California Water Service Group stock for \$3.2 million. No similar sale occurred in 2015.

The effective consolidated income tax rates were 39% and 37% for the quarters ended June 30, 2016 and 2015, respectively.

Year-to-date net income was \$20.2 million, compared to \$12.2 million in 2015. Diluted earnings per share were \$0.98 in the first six months of 2016, compared to \$0.59 per diluted share for the same period in 2015.

Year-to-date operating revenue increased by \$13.5 million to \$148.0 million from \$134.5 million in the first six months of 2016. The increase was attributable to \$8.1 million in cumulative rate increases, a net \$6.8 million due to true-up revenue recognized as a part of the decision of our 2015 California General Rate Case application in the current year offset by true-up revenue recognized as part of the 2012 California General Rate Case decision in the prior year, \$6.5 million related to revenue tracked in our Water Conservation Memorandum Account, a \$900,000 change in the net recognition of certain other balancing and memorandum accounts, and \$300,000 in revenue from new customers. These increases were partially offset by \$9.0 million in lower customer water usage.

Year-to-date water production expenses increased to \$48.3 million from \$48.2 million in 2015. The \$100,000 increase was attributable to \$6.7 million in higher per unit costs for purchased water, groundwater extraction and energy charges, offset by lower customer water usage of \$3.8 million and \$2.8 million in lower expenses due to an increase in the use of available surface water supply. Operating expenses, excluding water production costs, increased \$3.1 million to \$59.4 million from \$56.3 million. The increase was primarily due to \$2.0 million of higher depreciation expenses, \$653,000 in higher maintenance expenses, \$481,000 in higher administrative and general expenses, offset by \$83,000 in lower property taxes and other non-income taxes. The increase in administrative and general expenses was due to an increase in salaries, partially offset by a decrease in pension expense and a decrease in regulatory fees due to lower usage.

The effective consolidated income tax rates were 39% and 37% for the six-month periods ended June 30, 2016 and 2015, respectively.

The Directors of SJW Corp. today declared a quarterly dividend on common stock of \$0.2025 per share. The dividend is payable on September 1, 2016 to shareholders of record on August 8, 2016.

SJW Corp. is a publicly traded holding company headquartered in San Jose, California. SJW Corp. is the parent company of San Jose Water Company, SJWTX, Inc., Texas Water Alliance Limited, SJW Land Company, and SJW Group, Inc. Together, San Jose Water Company and SJWTX, Inc. provide water service to more than one million people in San Jose, California and nearby communities and in Canyon Lake, Texas and nearby communities. SJW Land Company owns and operates commercial real estate investments.

This press release may contain certain forward-looking statements including but not limited to statements relating to SJW Corp.'s plans, strategies, objectives, expectations and intentions, which are made pursuant to the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of SJW Corp. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Results for a quarter are not indicative of results for a full year due to seasonality and other factors. Other factors that may cause actual results, performance or achievements to materially differ are described in SJW Corp.'s most recent reports on Form 10-K, Form 10-Q and Form 8-K filed with the Securities and Exchange Commission. SJW Corp. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

SJW Corp.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)
(in thousands, except per share data)

| | Three months ended June 30, | | Six months ended June 30, | |
|---------------------------------------------------------------------------------|-----------------------------|---------|---------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| OPERATING REVENUE..... | \$ 86,944 | 72,402 | \$ 148,056 | 134,514 |
| OPERATING EXPENSE: | | | | |
| Production Expenses: | | | | |
| Purchased water | 14,485 | 16,002 | 24,182 | 25,286 |
| Power | 1,614 | 1,528 | 2,851 | 2,700 |
| Groundwater extraction charges | 8,312 | 6,197 | 14,760 | 14,133 |
| Other production expenses | 3,272 | 3,065 | 6,504 | 6,062 |
| Total production expenses..... | 27,683 | 26,792 | 48,297 | 48,181 |
| Administrative and general | 11,536 | 11,464 | 23,241 | 22,760 |
| Maintenance | 4,054 | 3,844 | 7,865 | 7,212 |
| Property taxes and other non-income taxes..... | 2,684 | 2,890 | 5,902 | 5,985 |
| Depreciation and amortization | 11,187 | 10,202 | 22,370 | 20,361 |
| Total operating expense..... | 57,144 | 55,192 | 107,675 | 104,499 |
| OPERATING INCOME..... | 29,800 | 17,210 | 40,381 | 30,015 |
| OTHER (EXPENSE) INCOME: | | | | |
| Interest expense | (5,469) | (5,618) | (10,904) | (11,270) |
| Gain on sale of California Water Service Group stock..... | 3,197 | — | 3,197 | — |
| Other, net | 158 | 274 | 512 | 610 |
| Income before income taxes | 27,686 | 11,866 | 33,186 | 19,355 |
| Provision for income taxes | 10,911 | 4,405 | 13,033 | 7,199 |
| NET INCOME..... | 16,775 | 7,461 | 20,153 | 12,156 |
| Other comprehensive income (loss), net | 487 | (255) | 1,017 | (270) |
| Reclassification adjustment for gain realized on sale of investments, net | (1,742) | — | (1,742) | — |
| COMPREHENSIVE INCOME..... | \$ 15,520 | 7,206 | \$ 19,428 | 11,886 |
| EARNINGS PER SHARE | | | | |
| Basic | \$ 0.82 | 0.37 | \$ 0.99 | 0.60 |
| Diluted | \$ 0.82 | 0.36 | \$ 0.98 | 0.59 |
| DIVIDENDS PER SHARE | \$ 0.20 | 0.20 | \$ 0.41 | 0.39 |
| WEIGHTED AVERAGE SHARES OUTSTANDING | | | | |
| Basic | 20,438 | 20,357 | 20,426 | 20,342 |
| Diluted | 20,579 | 20,501 | 20,570 | 20,491 |

SJW Corp.
Condensed Consolidated Balance Sheets
(Unaudited)
(in thousands)

| | <u>June 30, 2016</u> | <u>December 31, 2015</u> |
|---------------------------------------------------------------------------------|--------------------------|------------------------------|
| ASSETS | | |
| Utility plant: | | |
| Land..... | \$ 17,930 | 17,853 |
| Depreciable plant and equipment..... | 1,495,627 | 1,438,321 |
| Construction in progress..... | 64,373 | 45,573 |
| Intangible assets..... | 23,906 | 22,675 |
| Total utility plant..... | <u>1,601,836</u> | <u>1,524,422</u> |
| Less accumulated depreciation and amortization..... | 509,244 | 487,659 |
| Net utility plant..... | <u>1,092,592</u> | <u>1,036,763</u> |
| Real estate investments..... | 62,082 | 74,641 |
| Less accumulated depreciation and amortization..... | 11,090 | 13,207 |
| Net real estate investments..... | <u>50,992</u> | <u>61,434</u> |
| CURRENT ASSETS: | | |
| Cash and cash equivalents..... | 12,518 | 5,239 |
| Accounts receivable and accrued unbilled utility revenue..... | 48,041 | 46,851 |
| Current regulatory assets, net..... | 17,722 | 16,542 |
| Long-lived asset held-for-sale..... | 9,907 | — |
| Other current assets..... | 4,526 | 4,744 |
| Total current assets..... | <u>92,714</u> | <u>73,376</u> |
| OTHER ASSETS: | | |
| Investment in California Water Service Group..... | 3,493 | 6,030 |
| Regulatory assets, net..... | 151,619 | 152,021 |
| Other..... | 7,927 | 7,701 |
| | <u>163,039</u> | <u>165,752</u> |
| | <u>\$ 1,399,337</u> | <u>1,337,325</u> |
| CAPITALIZATION AND LIABILITIES | | |
| CAPITALIZATION: | | |
| Common stock..... | \$ 10,648 | 10,616 |
| Additional paid-in capital..... | 69,748 | 68,636 |
| Retained earnings..... | 314,040 | 302,220 |
| Accumulated other comprehensive income..... | 1,586 | 2,311 |
| Total shareholders' equity..... | <u>396,022</u> | <u>383,783</u> |
| Long-term debt, less current portion..... | 364,172 | 377,187 |
| Total capitalization..... | <u>760,194</u> | <u>760,970</u> |
| CURRENT LIABILITIES: | | |
| Line of credit..... | 55,925 | 34,600 |
| Current portion of long-term debt..... | 11,621 | 3,491 |
| Accrued groundwater extraction charge, purchased water and purchased power..... | 10,716 | 7,163 |
| Accounts payable..... | 23,768 | 16,196 |
| Accrued interest..... | 6,200 | 6,193 |
| Other current liabilities..... | 11,852 | 11,980 |
| Total current liabilities..... | <u>120,082</u> | <u>79,623</u> |
| DEFERRED INCOME TAXES..... | 208,407 | 198,775 |
| ADVANCES FOR CONSTRUCTION AND CONTRIBUTIONS IN AID OF CONSTRUCTION..... | 226,574 | 217,766 |
| POSTRETIREMENT BENEFIT PLANS..... | 73,078 | 70,230 |
| OTHER NONCURRENT LIABILITIES..... | 11,002 | 9,961 |
| | <u>\$ 1,399,337</u> | <u>1,337,325</u> |