

Financial Review
Unaudited Results through August 30, 2017
And
Revenues and Usage through August
As of September 15, 2017

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

8/30/2017
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
Revenues:							
Water Utility Operations	\$ 27,308	\$ (1,981)	-7.3%	\$ 25,327	\$ 532	2.1%	\$ 24,795
Water Management Services	2,390	(152)	-6.4%	2,238	103	4.8%	2,135
Real Estate Operations	-	8	0.0%	8	8	0.0%	-
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	29,698	(2,125)	-7.2%	27,573	643	2.4%	26,930
Operating Expenses:							
Water Utility Operations	20,197	(949)	-4.7%	21,146	181	0.8%	21,327
Water Management Services	2,467	151	6.1%	2,316	(14)	-0.6%	2,302
Real Estate Operations	29	(3)	-10.3%	32	(1)	-3.2%	31
Other	(63)	(2)	3.2%	(61)	27	79.4%	(34)
Total Operating Expenses	22,630	(803)	-3.5%	23,433	193	0.8%	23,626
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	22,630	(803)	-3.5%	23,433	193	0.8%	23,626
Operating Income (Loss)	7,068	(2,928)	-41.4%	4,140	836	25.3%	3,304
% of Revenue	23.8%			15.0%			12.3%
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	648	(650)	100.3%	(2)	2	50.0%	(4)
AFUDC Income (Expense)	183	(183)	100.0%	-	-	0.0%	-
Interest Income	54	(54)	100.0%	-	-	0.0%	-
Interest (Expense)	(7,174)	(25)	-0.3%	(7,199)	143	1.9%	(7,342)
Pre-tax Income (Loss)	779	(3,840)	-492.9%	(3,061)	981	24.3%	(4,042)
% of Revenue	2.6%			-11.1%			-15.0%
Provision for Income Taxes	(72)	366	508.3%	(438)	(530)	-54.8%	(968)
Effective Tax Rate %	-9.2%			14.3%			23.9%
Net Income (Loss)	851	(3,474)	-408.2%	(2,623)	451	14.7%	(3,074)
EBITDA	12,288	(2,989)	-24.3%	9,299	943	11.3%	8,356
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	12,288	(2,989)	-24.3%	9,299	943	11.3%	8,356
Less: Principal and Interest on External Debt	(4,782)	(874)	-18.3%	(5,656)	3,279	36.7%	(8,935)
Less: Principal and Interest on Note Payments to City	(5,656)	-	0.0%	(5,656)	-	0.0%	(5,656)
Net Remainder	1,850	(3,863)	208.8%	(2,013)	4,222	67.7%	(6,235)

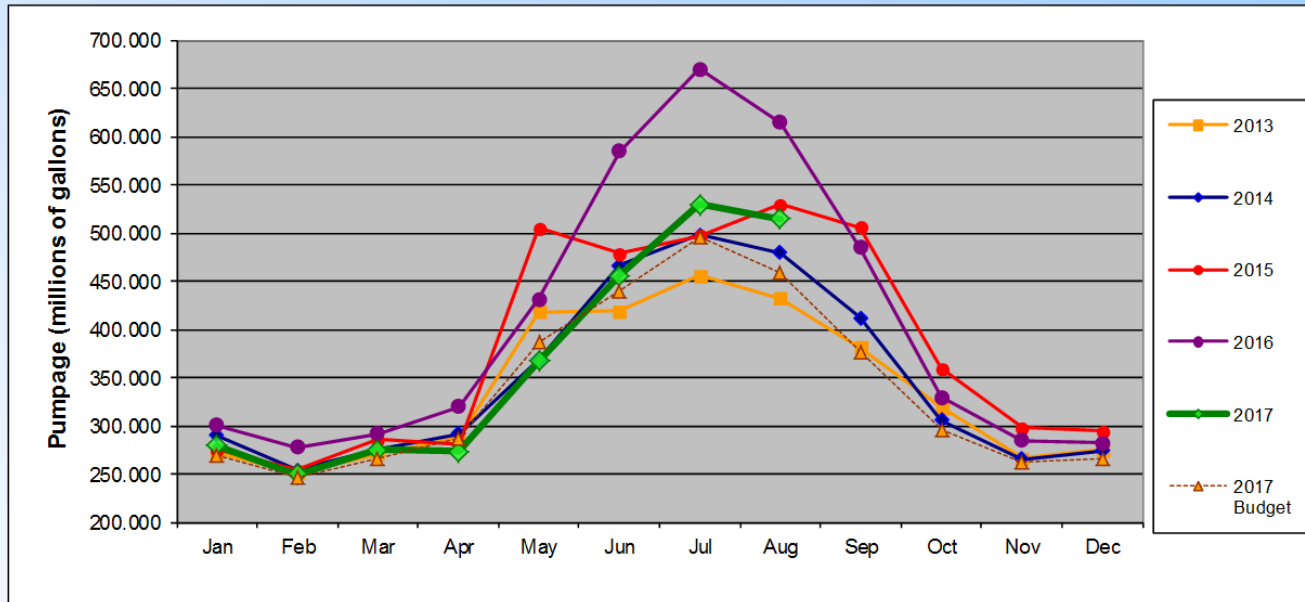
**Pennichuck Corporation
Capital Expenditures - Summary**

8/30/2017
(\$000's)

<u>QTD</u>				<u>YTD</u>		
<u>Prior</u>	<u>Actual</u>	<u>Budget</u>		<u>Prior</u>	<u>Actual</u>	<u>Budget</u>
\$ 5,000	\$ 1,377	\$ 3,296	PWW	\$ 10,832	\$ 2,971	\$ 7,863
1,411	126	3,619	PEU	1,762	764	3,464
7	1	18	PAC	80	52	117
-	-	800	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 6,418</u>	<u>\$ 1,504</u>	<u>\$ 7,733</u>	Subtotal	<u>\$ 12,674</u>	<u>\$ 3,787</u>	<u>\$ 12,244</u>
63	-	-	AFUDC	183	-	-
634	385		CIAC	1,071	4,896	-
<u>\$ 7,115</u>	<u>\$ 1,889</u>	<u>\$ 7,733</u>	Total	<u>\$ 13,928</u>	<u>\$ 8,683</u>	<u>\$ 12,244</u>

Pennichuck Corporation PWW Pumpage

8/30/2017
(S000's)



Pumpage Data (millions of gallons)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2013	271.598	251.530	270.310	287.902	417.950	419.280	455.300	432.310	381.320	318.700	265.880	275.370	4,047.450
2014	289.730	253.750	275.460	291.780	367.720	465.900	497.640	478.960	411.680	305.600	265.030	274.390	4,177.640
2015	274.890	253.900	285.910	281.040	504.440	478.850	496.730	529.140	506.020	359.060	297.530	294.560	4,562.070
2016	300.130	277.350	291.250	319.540	430.760	584.950	670.110	614.830	484.920	329.410	284.400	282.010	4,869.660
2017	279.330	249.500	274.680	273.160	366.790	455.660	529.650	514.210					2,942.980

Pumpage Data - Budget (millions of gallons)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2017 Budget	269.255	246.203	264.976	286.678	386.822	440.318	495.238	458.976	376.559	295.958	261.560	265.590	4,048.133

Pennichuck Corporation
Consolidated Balance Sheets

8/30/2017
(\$000's)

<u>ASSETS</u>	<u>Aug-17</u>		
	<u>Dec-16</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,079	\$ 3,140	\$ 3,079
Buildings	61,450	65,325	62,638
Equipment & software	191,849	202,312	199,047
	<u>256,378</u>	<u>270,777</u>	<u>264,764</u>
Accumulated depreciation	(64,701)	(68,508)	(69,934)
	<u>191,677</u>	<u>202,269</u>	<u>194,830</u>
Work in process	10,021	2,973	14,831
Net Plant and Equipment	<u>201,698</u>	<u>205,242</u>	<u>209,661</u>
 Current Assets:			
Cash	2,446	729	110
Restricted cash - 2014 Bond Project Fund	6,166	-	-
Restricted cash - 2015 Bond Project Fund	1,402	-	-
Restricted cash -RSF	6,530	6,869	6,700
Accounts receivable-billed, net	4,165	2,779	3,755
Accounts receivable-unbilled, net	1,921	3,387	3,072
Accounts receivable-other	-	16	42
Inventory	666	649	611
Prepaid expenses	531	816	359
Prepaid property taxes	1,163	387	559
Prepaid income taxes	352	417	-
Total Current Assets	<u>25,342</u>	<u>16,049</u>	<u>15,208</u>
 Other Assets:			
Deferred land costs	2,248	2,248	2,248
Debt issuance expenses	-	-	4,415
Investment in partnerships	104	103	100
Acquisition Premium and other	85,203	83,714	84,026
Total Other Assets	<u>87,555</u>	<u>86,065</u>	<u>90,789</u>
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <u>\$ 314,595</u>	 <u>\$ 307,356</u>	 <u>\$ 315,658</u>

Pennichuck Corporation
Consolidated Balance Sheets

8/30/2017
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Dec-16</u>	<u>Aug-17</u>	
		<u>Actual</u>	<u>Budget</u>
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,424
Accumulated other comprehensive income	257	237	258
Retained earnings	(10,241)	(13,073)	(13,479)
Treasury stock and other	-	-	-
Total Stockholders' Equity	20,577	17,725	17,203
Long Term Debt:			
Bonds, notes and mortgages	200,758	198,111	206,156
Total Long Term Debt	200,758	198,111	206,156
Current Liabilities:			
Line of credit	-	-	4,290
Current portion of long term debt	5,162	5,391	4,164
Accounts payable	6,300	1,655	1,370
Deferred revenue watertight	63	94	-
Accrued interest payable	1,704	746	548
Other accrued expenses	942	1,275	3,503
Income taxes payable	(16)	(16)	(16)
Customer deposits & other	806	362	408
Total Current Liabilities	14,961	9,507	14,267
Other Liabilities and Deferred Credits:			
Deferred income taxes	20,870	20,454	20,649
Accrued liability pension	9,010	8,923	9,163
Unamortized debt premium	3,082	3,003	-
Unamortized ITC	537	515	515
Regulatory Liability	759	745	233
Accrued Post Retirement Benefits	2,578	2,678	2,578
Customer Advances	84	84	552
CIAC, net	40,364	44,592	40,086
Other liability: derivative instrument	453	488	453
Other long-term liabilities	562	531	3,803
Total Other Liabilities and Deferred Credits	78,299	82,013	78,032
TOTAL LIABILITIES AND EQUITY	\$ 314,595	\$ 307,356	\$ 315,658

Pennichuck Corporation
Consolidated Cash Flow Statements

8/30/2017

(\$000's)

	<u>QTD</u>	<u>YTD</u>
Operating Activities:		
Net Income (Loss)	\$ 700	\$ (2,623)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,293	5,160
Amortization of original issue discount	-	-
Gain on sale of property, plant and equipment	-	(31)
Gain on forgiveness of long term debt	-	-
Amortization of deferred investment tax credits	(5)	(22)
Provision for deferred income taxes	534	(402)
Equity component of AFUDC	-	-
Undistributed loss (earnings) in real estate partnerships	(1)	1
Special shareholder distribution	-	-
Stock based compensation expense	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and unbilled revenue	(214)	(95)
(Increase) decrease in income taxes payable	-	-
(Increase) decrease in materials and supplies	4	16
(Increase) decrease in prepaid expenses	537	426
(Increase) decrease in deferred charges and other assets	87	322
Increase (decrease) in accounts payable and accrued expenses	(1,138)	(5,384)
Increase (decrease) in other	(106)	(330)
Net cash provided by (used in) operating activities	1,691	(2,962)
Investing activities:		
Purchases of property, plant and equipment, including debt component of AFUDC	(625)	(3,240)
Proceeds from sales of property, plant and equipment	(1)	36
(Increase) decrease in restricted cash	(580)	7,229
Sales of investment securities	-	-
Purchase of investment securities	-	-
Proceeds from sales of land	-	-
Distributions in excess of earnings in investment in real estate partnership	-	-
Net change in deferred land costs	-	-
Payments made in connection with merger related activities	-	-
Net cash provided by (used in) investing activities	(1,206)	4,025
Financing activities:		
Advances (repayments) on line of credit	-	-
Payments on long term debt	(485)	(4,113)
Contributions in aid of construction	1	19
Proceeds from long-term borrowings	64	1,503
Debt issuance costs	5	20
Proceeds from issuance of common stock and dividend reinvestment plan	-	-
Dividends paid	(70)	(209)
Net cash provided by (used in) financing activities	(485)	(2,780)
Increase (decrease) in cash	-	(1,717)
Cash and cash equivalents at beginning of period	729	2,446
Cash and cash equivalents at end of period	\$ 729	\$ 729