

Financial Review
Unaudited Results through December 31, 2017
And
Revenues and Usage through December
As of February 23, 2018

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

12/31/2017
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
Revenues:							
Water Utility Operations	\$ 39,123	\$ (1,550)	-4.0%	\$ 37,573	\$ (447)	-1.2%	\$ 38,020
Water Management Services	3,574	(266)	-7.4%	3,308	99	3.1%	3,209
Real Estate Operations	-	11	0.0%	11	11	0.0%	-
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	42,697	(1,805)	-4.2%	40,892	(337)	-0.8%	41,229
Operating Expenses:							
Water Utility Operations	30,276	(1,782)	-5.9%	32,058	(257)	-0.8%	31,801
Water Management Services	3,697	296	8.0%	3,401	33	1.0%	3,434
Real Estate Operations	42	(2)	-4.8%	44	3	6.4%	47
Other	(94)	(8)	8.5%	(86)	35	68.6%	(51)
Total Operating Expenses	33,921	(1,496)	-4.4%	35,417	(186)	-0.5%	35,231
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	33,921	(1,496)	-4.4%	35,417	(186)	-0.5%	35,231
Operating Income (Loss)	8,776	(3,301)	-37.6%	5,475	(523)	-8.7%	5,998
% of Revenue	20.6%			13.4%			14.5%
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	544	(547)	100.6%	(3)	3	50.0%	(6)
AFUDC Income (Expense)	358	(332)	92.7%	26	26	0.0%	-
Interest Income	50	(50)	100.0%	-	-	0.0%	-
Interest (Expense)	(10,834)	3	0.0%	(10,831)	221	2.0%	(11,052)
Pre-tax Income (Loss)	(1,106)	(4,227)	-382.2%	(5,333)	(273)	-5.4%	(5,060)
% of Revenue	-2.6%			-13.0%			-12.3%
Provision for Income Taxes	134	(1,119)	835.1%	1,253	(2,465)	-203.4%	(1,212)
Effective Tax Rate %	-12.1%			-23.5%			24.0%
Net Income (Loss)	(1,240)	(5,346)	-431.1%	(6,586)	(2,738)	-71.2%	(3,848)
EBITDA	16,339	(3,029)	-18.5%	13,310	(259)	-1.9%	13,569
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	16,339	(3,029)	-18.5%	13,310	(259)	-1.9%	13,569
Less: Principal and Interest on External Debt	(6,577)	(979)	-14.9%	(7,556)	1,819	19.4%	(9,375)
Less: Principal and Interest on Note Payments to City	(8,484)	-	0.0%	(8,484)	(2,121)	-33.3%	(6,363)
Net Remainder	1,278	(4,008)	313.6%	(2,730)	1,560	36.4%	(4,290)

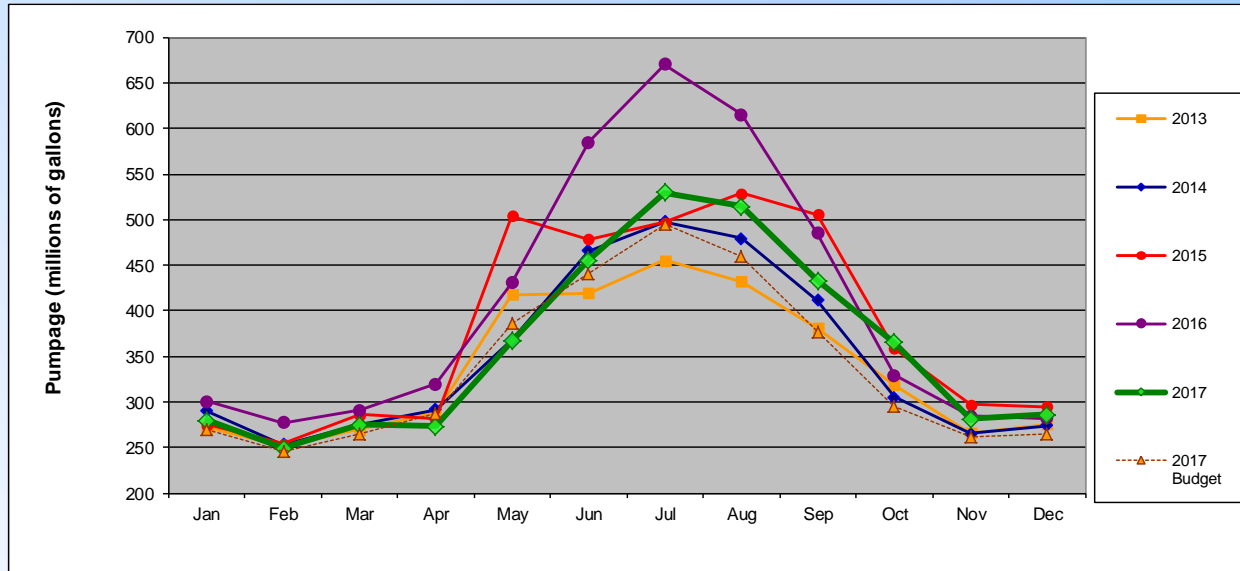
**Pennichuck Corporation
Capital Expenditures - Summary**

12/31/2017
(\$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>
\$ 4,602	\$ 2,504	\$ 1,334	PWW	\$ 15,434	\$ 6,649	\$ 10,123
3,383	437	703	PEU	5,145	1,249	5,250
118	10	11	PAC	198	62	133
-	-	-	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 8,103</u>	<u>\$ 2,951</u>	<u>\$ 2,048</u>	Subtotal	<u>\$ 20,777</u>	<u>\$ 7,960</u>	<u>\$ 16,306</u>
140	26	-	AFUDC	358	26	-
2,296	3,128		CIAC	3,367	8,129	-
<u>\$ 10,539</u>	<u>\$ 6,105</u>	<u>\$ 2,048</u>	Total	<u>\$ 24,502</u>	<u>\$ 16,115</u>	<u>\$ 16,306</u>

Pennichuck Corporation
PWW Pumpage

12/31/2017
(\$000'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	432.840	364.900	281.650	285.860	4,308.230

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

12/31/2017

(\$000's)

<u>ASSETS</u>	<u>Dec-17</u>		
	<u>Dec-16</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,079	\$ 3,305	\$ 3,079
Buildings	61,450	65,608	62,698
Equipment & software	191,849	209,604	207,855
	<hr/> 256,378	<hr/> 278,517	<hr/> 273,632
Accumulated depreciation	(64,701)	(69,997)	(72,073)
	<hr/> 191,677	<hr/> 208,520	<hr/> 201,559
Work in process	10,021	1,978	10,021
Net Plant and Equipment	<hr/> 201,698	<hr/> 210,498	<hr/> 211,580
 Current Assets:			
Cash	2,446	994	151
Restricted cash - 2014 Bond Project Fund	6,166	2,131	-
Restricted cash - 2015 Bond Project Fund	1,402	1,158	-
Restricted cash -RSF	6,530	4,952	6,500
Accounts receivable-billed, net	4,165	3,420	3,437
Accounts receivable-unbilled, net	1,921	2,265	1,873
Accounts receivable-other	-	14	42
Inventory	666	604	587
Prepaid expenses	531	598	362
Prepaid property taxes	1,163	1,143	1,515
Prepaid income taxes	352	516	-
Total Current Assets	<hr/> 25,342	<hr/> 17,795	<hr/> 14,467
 Other Assets:			
Deferred land costs	2,248	2,257	2,248
Debt issuance expenses	-	-	4,372
Investment in partnerships	104	103	98
Acquisition Premium and other	85,203	84,138	83,400
Total Other Assets	<hr/> 87,555	<hr/> 86,498	<hr/> 90,118
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <hr/> <hr/> \$ 314,595	 <hr/> <hr/> \$ 314,791	 <hr/> <hr/> \$ 316,165

Pennichuck Corporation
Consolidated Balance Sheets

12/31/2017
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Dec-16</u>	<u>Dec-17</u>	
		<u>Actual</u>	<u>Budget</u>
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,288
Accumulated other comprehensive income	257	305	258
Retained earnings	(10,241)	(17,107)	(14,252)
Treasury stock and other	-	-	-
Total Stockholders' Equity	20,577	13,759	16,294
Long Term Debt:			
Bonds, notes and mortgages	200,758	197,905	207,044
Total Long Term Debt	200,758	197,905	207,044
Current Liabilities:			
Line of credit	-	5,574	3,415
Current portion of long term debt	5,162	5,575	5,917
Accounts payable	6,300	1,543	1,197
Deferred revenue watertight	63	66	-
Accrued interest payable	1,704	1,625	1,641
Other accrued expenses	942	884	2,786
Income taxes payable	(16)	(16)	(16)
Customer deposits & other	806	191	431
Total Current Liabilities	14,961	15,442	15,371
Other Liabilities and Deferred Credits:			
Deferred income taxes	20,870	22,209	20,198
Accrued liability pension	9,010	9,792	9,104
Unamortized debt premium	3,082	2,964	-
Unamortized ITC	537	504	504
Regulatory Liability	759	738	226
Accrued Post Retirement Benefits	2,578	3,047	2,578
Customer Advances	84	84	552
CIAC, net	40,364	47,458	39,946
Other liability: derivative instrument	453	374	453
Other long-term liabilities	562	515	3,895
Total Other Liabilities and Deferred Credits	78,299	87,685	77,456
TOTAL LIABILITIES AND EQUITY	\$ 314,595	\$ 314,791	\$ 316,165

Pennichuck Corporation
Consolidated Cash Flow Statements

12/31/2017
(S000's)

	Prior	Change		YTD	Change		Budget
Operating Activities:							
Net Income (Loss)	\$ (1,240)	\$ (5,346)	431.1%	\$ (6,586)	\$ (2,738)	-71.2%	\$ (3,848)
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization	7,019	819	11.7%	7,838	44	0.6%	7,794
Amortization of original issue discount	-	-	0.0%	-	-	0.0%	-
Gain on sale of property, plant and equipment	(529)	498	-94.1%	(31)	(31)	0.0%	-
Gain on forgiveness of long term debt	-	-	0.0%	-	-	0.0%	-
Amortization of deferred investment tax credits	(33)	-	0.0%	(33)	0	0.1%	(33)
Provision for deferred income taxes	189	1,119	592.1%	1,308	2,936	180.4%	(1,628)
Equity component of AFUDC	(137)	128	-93.4%	(9)	(9)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	-	1	0.0%	1	7	117.3%	(6)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
Stock based compensation expense	-	-	0.0%	-	-	0.0%	-
Changes in assets and liabilities:	-	-	0.0%	-	-	0.0%	-
(Increase) decrease in accounts receivable and unbilled revenue	(1,584)	1,971	-124.4%	387	(363)	-48.4%	750
(Increase) decrease in income taxes payable	(2)	2	-100.0%	-	-	0.0%	-
(Increase) decrease in materials and supplies	46	16	34.8%	62	(17)	-21.8%	79
(Increase) decrease in prepaid expenses	185	(395)	-213.5%	(210)	(340)	-261.1%	130
(Increase) decrease in deferred charges and other assets	(456)	(210)	46.1%	(666)	(2,673)	-133.2%	2,007
Increase (decrease) in accounts payable and accrued expenses	4,866	(9,585)	-197.0%	(4,719)	(1,655)	-54.0%	(3,064)
Increase (decrease) in other	2,409	(2,014)	-83.6%	395	1,992	124.7%	(1,597)
Net cash provided by (used in) operating activities	10,733	(12,996)	-121.1%	(2,263)	(2,847)	-487.2%	584
Investing activities:							
Purchases of property, plant and equipment, including debt component of AFUDC	(21,886)	14,194	-64.9%	(7,692)	8,614	52.8%	(16,306)
Proceeds from sales of property, plant and equipment	946	(909)	-96.1%	37	37	0.0%	-
(Increase) decrease in restricted cash	(5,826)	11,682	-200.5%	5,856	5,826	19578.7%	30
Sales of investment securities	17,236	(17,236)	-100.0%	-	(7,568)	-100.0%	7,568
Purchase of investment securities	-	-	0.0%	-	-	0.0%	-
Proceeds from sales of land	-	-	0.0%	-	-	0.0%	-
Distributions in excess of earnings in investment in real estate partnership	-	-	0.0%	-	-	0.0%	-
Net change in deferred land costs	7	(15)	-214.3%	(8)	(8)	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(9,523)	7,716	81.0%	(1,807)	6,901	79.2%	(8,708)
Financing activities:							
Advances (repayments) on line of credit	-	5,574	0.0%	5,574	2,159	63.2%	3,415
Payments on long term debt	(4,227)	(982)	23.2%	(5,209)	1,598	23.5%	(6,807)
Contributions in aid of construction	58	(21)	-36.2%	37	37	0.0%	-
Proceeds from long-term borrowings	4,498	(2,023)	-45.0%	2,475	(6,742)	-73.1%	9,217
Debt issuance costs	(59)	79	-133.9%	20	22	972.6%	(2)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(280)	1	-0.4%	(279)	(6)	-2.0%	(273)
Net cash provided by (used in) financing activities	(10)	2,628	26280.0%	2,618	(2,931)	-52.8%	5,549
Increase (decrease) in cash	1,200	(2,652)	-221.0%	(1,452)	1,123	43.6%	(2,575)
Cash and cash equivalents at beginning of period	1,246	1,200	96.3%	2,446	(280)	-10.3%	2,726
Cash and cash equivalents at end of period	\$ 2,446	(1,452)	-59.4%	\$ 994	843	557.0%	\$ 151