

**Financial Review**  
**Unaudited Results through July 31, 2017**  
**And**  
**Revenues and Usage through July**  
**As of August 18, 2017**

Pennichuck Corporation  
YTD Income Statement

Business: Consolidated

7/31/2017  
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
<b>Revenues:</b>							
Water Utility Operations	\$ 22,737	\$ (1,540)	-6.8%	\$ 21,197	\$ 40	0.2%	\$ 21,157
Water Management Services	2,084	(142)	-6.8%	1,942	77	4.1%	1,865
Real Estate Operations	-	6	0.0%	6	6	0.0%	-
Other	-	-	0.0%	-	-	0.0%	-
<b>Total Revenues</b>	<b>24,821</b>	<b>(1,676)</b>	<b>-6.8%</b>	<b>23,145</b>	<b>123</b>	<b>0.5%</b>	<b>23,022</b>
<b>Operating Expenses:</b>							
Water Utility Operations	17,398	(934)	-5.4%	18,332	182	1.0%	18,514
Water Management Services	2,154	137	6.4%	2,017	8	0.4%	2,025
Real Estate Operations	25	-	0.0%	25	2	7.4%	27
Other	(57)	(2)	3.5%	(55)	26	89.7%	(29)
<b>Total Operating Expenses</b>	<b>19,520</b>	<b>(799)</b>	<b>-4.1%</b>	<b>20,319</b>	<b>218</b>	<b>1.1%</b>	<b>20,537</b>
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
<b>Net Operating Expenses</b>	<b>19,520</b>	<b>(799)</b>	<b>-4.1%</b>	<b>20,319</b>	<b>218</b>	<b>1.1%</b>	<b>20,537</b>
<b>Operating Income (Loss)</b>	<b>5,301</b>	<b>(2,475)</b>	<b>-46.7%</b>	<b>2,826</b>	<b>341</b>	<b>13.7%</b>	<b>2,485</b>
<b>% of Revenue</b>	<b>21.4%</b>			<b>12.2%</b>			<b>10.8%</b>
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	712	(713)	100.1%	(1)	2	66.7%	(3)
AFUDC Income (Expense)	152	(152)	100.0%	-	-	0.0%	-
Interest Income	47	(47)	100.0%	-	-	0.0%	-
Interest (Expense)	(6,251)	(39)	-0.6%	(6,290)	127	2.0%	(6,417)
<b>Pre-tax Income (Loss)</b>	<b>(39)</b>	<b>(3,426)</b>	<b>-8784.6%</b>	<b>(3,465)</b>	<b>470</b>	<b>11.9%</b>	<b>(3,935)</b>
<b>% of Revenue</b>	<b>-0.2%</b>			<b>-15.0%</b>			<b>-17.1%</b>
Provision for Income Taxes	4	693	-17325.0%	(689)	(254)	-26.9%	(943)
<b>Effective Tax Rate %</b>	<b>-10.3%</b>			<b>19.9%</b>			<b>24.0%</b>
<b>Net Income (Loss)</b>	<b>(43)</b>	<b>(2,733)</b>	<b>-6355.8%</b>	<b>(2,776)</b>	<b>216</b>	<b>7.2%</b>	<b>(2,992)</b>
<b>EBITDA</b>	<b>10,014</b>	<b>(2,676)</b>	<b>-26.7%</b>	<b>7,338</b>	<b>430</b>	<b>6.2%</b>	<b>6,908</b>
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
<b>Normalized EBITDA</b>	<b>10,014</b>	<b>(2,676)</b>	<b>-26.7%</b>	<b>7,338</b>	<b>430</b>	<b>6.2%</b>	<b>6,908</b>
Less: Principal and Interest on External Debt	(4,293)	(918)	-21.4%	(5,211)	3,272	38.6%	(8,483)
Less: Principal and Interest on Note Payments to City	(4,949)	-	0.0%	(4,949)	-	0.0%	(4,949)
<b>Net Remainder</b>	<b>772</b>	<b>(3,594)</b>	<b>465.5%</b>	<b>(2,822)</b>	<b>3,702</b>	<b>56.7%</b>	<b>(6,524)</b>

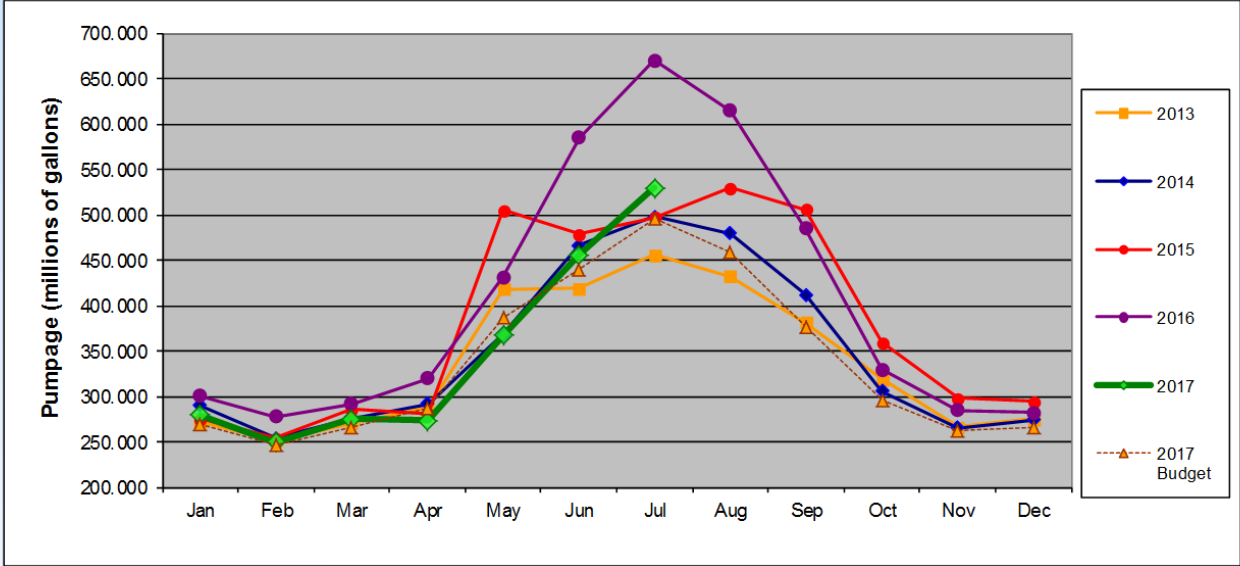
**Pennichuck Corporation  
Capital Expenditures - Summary**

7/31/2017  
(\$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>
\$ 5,000	\$ 1,046	\$ 3,296	PWW	\$ 10,832	\$ 2,640	\$ 6,745
1,411	43	3,619	PEU	1,762	681	2,067
7	1	18	PAC	80	52	112
-	-	800	PWSC	-	-	400
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 6,418</u>	<u>\$ 1,090</u>	<u>\$ 7,733</u>	Subtotal	<u>\$ 12,674</u>	<u>\$ 3,373</u>	<u>\$ 9,324</u>
32	-	-	AFUDC	152	-	-
634	311		CIAC	1,071	4,822	-
<u>\$ 7,084</u>	<u>\$ 1,401</u>	<u>\$ 7,733</u>	Total	<u>\$ 13,897</u>	<u>\$ 8,195</u>	<u>\$ 9,324</u>

**Pennichuck Corporation**  
**PWW Pumpage**

7/31/2017  
 (\$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						2,428.770

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

7/31/2017  
(\$000's)

<u>ASSETS</u>	<u>Jul-17</u>		
	<u>Dec-16</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,079	\$ 3,140	\$ 3,079
Buildings	61,450	65,164	62,633
Equipment & software	191,849	201,897	197,536
	<hr/> 256,378	<hr/> 270,201	<hr/> 263,248
Accumulated depreciation	(64,701)	(67,937)	(69,399)
	<hr/> 191,677	<hr/> 202,264	<hr/> 193,849
Work in process	10,021	3,768	13,426
Net Plant and Equipment	<hr/> 201,698	<hr/> 206,032	<hr/> 207,275
 Current Assets:			
Cash	2,446	729	117
Restricted cash - 2014 Bond Project Fund	6,166	-	-
Restricted cash - 2015 Bond Project Fund	1,402	-	-
Restricted cash -RSF	6,530	6,600	6,600
Accounts receivable-billed, net	4,165	3,358	3,424
Accounts receivable-unbilled, net	1,921	3,001	3,068
Accounts receivable-other	-	16	42
Inventory	666	616	611
Prepaid expenses	531	734	409
Prepaid property taxes	1,163	774	1,037
Prepaid income taxes	352	417	-
Total Current Assets	<hr/> 25,342	<hr/> 16,245	<hr/> 15,308
 Other Assets:			
Deferred land costs	2,248	2,248	2,248
Debt issuance expenses	-	-	4,426
Investment in partnerships	104	103	100
Acquisition Premium and other	85,203	83,900	84,176
Total Other Assets	<hr/> 87,555	<hr/> 86,251	<hr/> 90,950
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <hr/> <hr/> \$ 314,595	 <hr/> <hr/> \$ 308,528	 <hr/> <hr/> \$ 313,533

Pennichuck Corporation  
Consolidated Balance Sheets

7/31/2017  
(\$000's)

<u><b>EQUITY AND LIABILITIES</b></u>	<u><b>Dec-16</b></u>	<u><b>Actual</b></u>	<u><b>Budget</b></u>
<b>Stockholders' Equity:</b>			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,424
Accumulated other comprehensive income	257	274	258
Retained earnings	(10,241)	(13,157)	(13,398)
Treasury stock and other	-	-	-
<b>Total Stockholders' Equity</b>	<b>20,577</b>	<b>17,678</b>	<b>17,284</b>
<b>Long Term Debt:</b>			
Bonds, notes and mortgages	200,758	198,337	204,791
<b>Total Long Term Debt</b>	<b>200,758</b>	<b>198,337</b>	<b>204,791</b>
<b>Current Liabilities:</b>			
Line of credit	-	1,232	4,200
Current portion of long term debt	5,162	5,382	4,115
Accounts payable	6,300	2,215	1,259
Deferred revenue watertight	63	93	-
Accrued interest payable	1,704	448	406
Other accrued expenses	942	1,324	3,135
Income taxes payable	(16)	(16)	(16)
Customer deposits & other	806	176	403
<b>Total Current Liabilities</b>	<b>14,961</b>	<b>10,854</b>	<b>13,502</b>
<b>Other Liabilities and Deferred Credits:</b>			
Deferred income taxes	20,870	20,221	20,674
Accrued liability pension	9,010	8,840	9,050
Unamortized debt premium	3,082	3,013	-
Unamortized ITC	537	517	517
Regulatory Liability	759	747	234
Accrued Post Retirement Benefits	2,578	2,666	2,578
Customer Advances	84	84	552
CIAC, net	40,364	44,605	40,120
Other liability: derivative instrument	453	427	453
Other long-term liabilities	562	539	3,778
<b>Total Other Liabilities and Deferred Credits</b>	<b>78,299</b>	<b>81,659</b>	<b>77,956</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 314,595</b>	<b>\$ 308,528</b>	<b>\$ 313,533</b>

Pennichuck Corporation  
Consolidated Cash Flow Statements

7/31/2017  
(\$000's)

	<u>QTD</u>	<u>YTD</u>
<b>Operating Activities:</b>		
Net Income (Loss)	\$ 547	\$ (2,776)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	645	4,512
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	(2)	(19)
Provision for deferred income taxes	277	(659)
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	(408)	(289)
(Increase) decrease in income taxes payable	-	-
(Increase) decrease in materials and supplies	38	50
(Increase) decrease in prepaid expenses	233	122
(Increase) decrease in deferred charges and other assets	42	277
Increase (decrease) in accounts payable and accrued expenses	(1,066)	(5,312)
Increase (decrease) in other	(140)	(364)
Net cash provided by (used in) operating activities	165	(4,488)
<b>Investing activities:</b>		
Purchases of property, plant and equipment, including debt component of AFUDC	(911)	(3,526)
Proceeds from sales of property, plant and equipment	(1)	36
(Increase) decrease in restricted cash	(312)	7,497
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	(1,224)	4,007
<b>Financing activities:</b>		
Advances (repayments) on line of credit	1,232	1,232
Payments on long term debt	(242)	(3,870)
Contributions in aid of construction	-	18
Proceeds from long-term borrowings	64	1,503
Debt issuance costs	6	21
Proceeds from issuance of common stock and dividend reinvestment plan	-	-
Dividends paid	(1)	(140)
Net cash provided by (used in) financing activities	1,059	(1,236)
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