

Financial Review
Unaudited Results through October 31, 2017
And
Revenues and Usage through October
As of November 10, 2017

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

10/31/2017
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
Revenues:							
Water Utility Operations	\$ 34,212	\$ (2,095)	-6.1%	\$ 32,117	\$ (918)	-2.8%	\$ 33,035
Water Management Services	3,003	(216)	-7.2%	2,787	112	4.2%	2,675
Real Estate Operations	-	9	0.0%	9	9	0.0%	-
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	37,215	(2,302)	-6.2%	34,913	(797)	-2.2%	35,710
Operating Expenses:							
Water Utility Operations	25,386	(1,116)	-4.4%	26,502	132	0.5%	26,634
Water Management Services	3,046	166	5.4%	2,880	(1)	0.0%	2,879
Real Estate Operations	37	2	5.4%	35	4	10.3%	39
Other	(80)	(6)	7.5%	(74)	32	76.2%	(42)
Total Operating Expenses	28,389	(954)	-3.4%	29,343	167	0.6%	29,510
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	28,389	(954)	-3.4%	29,343	167	0.6%	29,510
Operating Income (Loss)	8,826	(3,256)	-36.9%	5,570	(630)	-10.2%	6,200
% of Revenue	23.7%			16.0%			17.4%
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	639	(641)	100.3%	(2)	3	60.0%	(5)
AFUDC Income (Expense)	260	(260)	100.0%	-	-	0.0%	-
Interest Income	50	(50)	100.0%	-	-	0.0%	-
Interest (Expense)	(9,003)	(34)	-0.4%	(9,037)	161	1.8%	(9,198)
Pre-tax Income (Loss)	772	(4,241)	-549.4%	(3,469)	(466)	-15.5%	(3,003)
% of Revenue	2.1%			-9.9%			-8.4%
Provision for Income Taxes	200	738	-369.0%	(538)	(182)	-25.3%	(720)
Effective Tax Rate %	25.9%			15.5%			24.0%
Net Income (Loss)	572	(3,503)	-612.4%	(2,931)	(648)	-28.4%	(2,283)
EBITDA	15,202	(3,193)	-21.0%	12,009	(506)	-4.0%	12,515
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	15,202	(3,193)	-21.0%	12,009	(506)	-4.0%	12,515
Less: Principal and Interest on External Debt	(5,651)	(972)	-17.2%	(6,623)	2,320	25.9%	(8,943)
Less: Principal and Interest on Note Payments to City	(7,070)	-	0.0%	(7,070)	(707)	-11.1%	(6,363)
Net Remainder	2,481	(4,165)	167.9%	(1,684)	1,814	51.9%	(3,498)

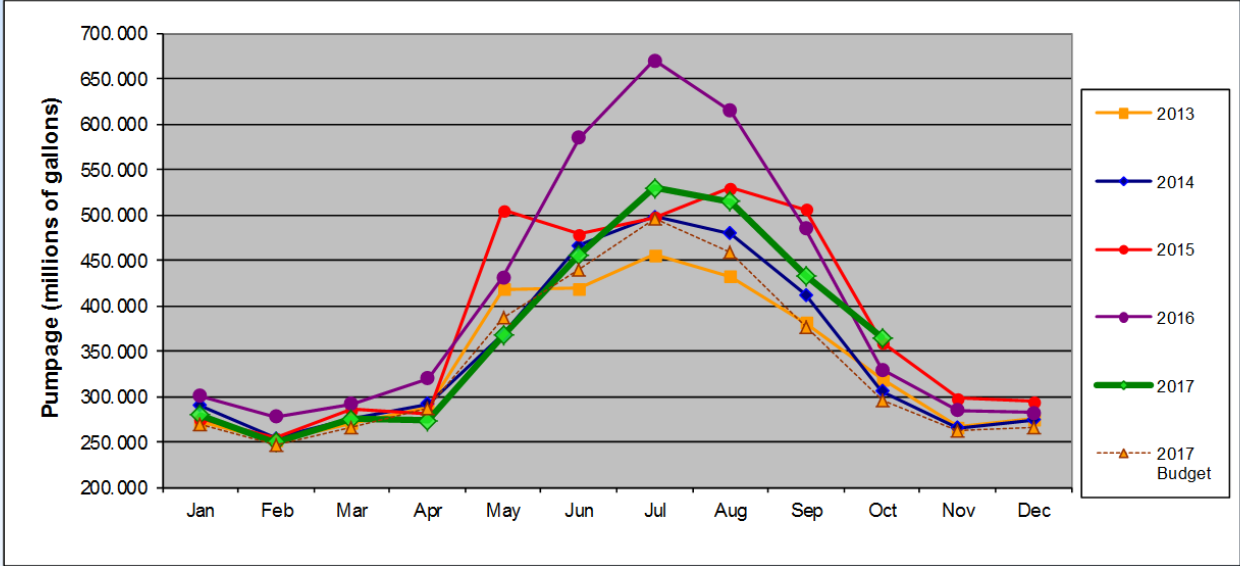
**Pennichuck Corporation
Capital Expenditures - Summary**

10/31/2017
(\$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	\$ 1,146	\$ 1,334	PWW	\$ 15,434	\$ 5,291	\$ 9,818
3,383	189	703	PEU	5,145	1,001	5,209
118	-	11	PAC	198	52	129
-	-	-	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	 Holding Company	-	-	-
<u>\$ 8,103</u>	<u>\$ 1,335</u>	<u>\$ 2,048</u>	Subtotal	<u>\$ 20,777</u>	<u>\$ 6,344</u>	<u>\$ 15,956</u>
42	-	-	AFUDC	260	-	-
2,296	60		CIAC	3,367	5,061	-
<u>\$ 10,441</u>	<u>\$ 1,395</u>	<u>\$ 2,048</u>	Total	<u>\$ 24,404</u>	<u>\$ 11,405</u>	<u>\$ 15,956</u>

Pennichuck Corporation
PWW Pumpage

10/31/2017
(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	432.840	364.900			3,740.720

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

10/31/2017

(\$000's)

<u>ASSETS</u>	<u>Oct-17</u>		
	<u>Dec-16</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,079	\$ 3,305	\$ 3,078
Buildings	61,450	65,359	62,698
Equipment & software	191,849	203,547	202,381
	<u>256,378</u>	<u>272,211</u>	<u>268,157</u>
Accumulated depreciation	(64,701)	(69,269)	(71,004)
	<u>191,677</u>	<u>202,942</u>	<u>197,153</u>
Work in process	10,021	4,420	15,150
Net Plant and Equipment	<u>201,698</u>	<u>207,362</u>	<u>212,303</u>
 Current Assets:			
Cash	2,446	729	151
Restricted cash - 2014 Bond Project Fund	6,166	-	-
Restricted cash - 2015 Bond Project Fund	1,402	-	-
Restricted cash -RSF	6,530	7,048	6,900
Accounts receivable-billed, net	4,165	2,581	3,964
Accounts receivable-unbilled, net	1,921	2,766	2,950
Accounts receivable-other	-	15	42
Inventory	666	629	599
Prepaid expenses	531	768	264
Prepaid property taxes	1,163	-	358
Prepaid income taxes	352	481	-
Total Current Assets	<u>25,342</u>	<u>15,017</u>	<u>15,228</u>
 Other Assets:			
Deferred land costs	2,248	2,248	2,248
Debt issuance expenses	-	-	4,393
Investment in partnerships	104	102	99
Acquisition Premium and other	85,203	83,358	83,724
Total Other Assets	<u>87,555</u>	<u>85,708</u>	<u>90,464</u>
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <u>\$ 314,595</u>	 <u>\$ 308,087</u>	 <u>\$ 317,995</u>

Pennichuck Corporation
Consolidated Balance Sheets

10/31/2017
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Dec-16</u>	<u>Oct-17</u>	
		<u>Actual</u>	<u>Budget</u>
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,356
Accumulated other comprehensive income	257	286	258
Retained earnings	(10,241)	(13,382)	(12,688)
Treasury stock and other	-	-	-
Total Stockholders' Equity	20,577	17,465	17,926
Long Term Debt:			
Bonds, notes and mortgages	200,758	197,501	207,309
Total Long Term Debt	200,758	197,501	207,309
Current Liabilities:			
Line of credit	-	-	3,665
Current portion of long term debt	5,162	5,509	4,155
Accounts payable	6,300	2,881	1,270
Deferred revenue watertight	63	84	-
Accrued interest payable	1,704	1,115	1,099
Other accrued expenses	942	1,582	4,307
Income taxes payable	(16)	(16)	(16)
Customer deposits & other	806	299	421
Total Current Liabilities	14,961	11,454	14,901
Other Liabilities and Deferred Credits:			
Deferred income taxes	20,870	20,395	20,795
Accrued liability pension	9,010	8,725	8,878
Unamortized debt premium	3,082	2,984	-
Unamortized ITC	537	509	509
Regulatory Liability	759	741	229
Accrued Post Retirement Benefits	2,578	2,703	2,578
Customer Advances	84	84	552
CIAC, net	40,364	44,587	40,016
Other liability: derivative instrument	453	407	453
Other long-term liabilities	562	532	3,849
Total Other Liabilities and Deferred Credits	78,299	81,667	77,859
TOTAL LIABILITIES AND EQUITY	\$ 314,595	\$ 308,087	\$ 317,995

Pennichuck Corporation
Consolidated Cash Flow Statements

10/31/2017

(\$000's)

	<u>QTD</u>	<u>YTD</u>
Operating Activities:		
Net Income (Loss)	\$ (37)	\$ (2,931)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	635	6,439
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	(3)	(28)
Provision for deferred income taxes	(107)	(493)
Equity component of AFUDC	-	-
Undistributed loss (earnings) in real estate partnerships	1	2
Special shareholder distribution	-	-
Stock based compensation expense	-	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and unbilled revenue	1,357	723
(Increase) decrease in income taxes payable	-	-
(Increase) decrease in materials and supplies	(36)	37
(Increase) decrease in prepaid expenses	80	799
(Increase) decrease in deferred charges and other assets	13	396
Increase (decrease) in accounts payable and accrued expenses	(76)	(3,504)
Increase (decrease) in other	39	(558)
Net cash provided by (used in) operating activities	1,866	851
Investing activities:		
Purchases of property, plant and equipment, including debt component of AFUDC	(1,257)	(6,332)
Proceeds from sales of property, plant and equipment	-	37
(Increase) decrease in restricted cash	(80)	7,050
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	(1,337)	755
Financing activities:		
Advances (repayments) on line of credit	(278)	-
Payments on long term debt	(251)	(4,657)
Contributions in aid of construction	-	19
Proceeds from long-term borrowings	-	1,503
Debt issuance costs	1	21
Proceeds from issuance of common stock and dividend reinvestment plan	-	-
Dividends paid	-	(209)
Net cash provided by (used in) financing activities	(528)	(3,323)
Increase (decrease) in cash	1	(1,717)
Cash and cash equivalents at beginning of period	728	2,446
Cash and cash equivalents at end of period	\$ 729	\$ 729