

Financial Review
Unaudited Results through September 30, 2017
And
Revenues and Usage through September
As of October 18, 2017

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

9/30/2017
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
Revenues:							
Water Utility Operations	\$ 31,175	\$ (2,432)	-7.8%	\$ 28,743	\$ 331	1.2%	\$ 28,412
Water Management Services	2,734	(241)	-8.8%	2,493	83	3.4%	2,410
Real Estate Operations	-	8	0.0%	8	8	0.0%	-
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	33,909	(2,665)	-7.9%	31,244	422	1.4%	30,822
Operating Expenses:							
Water Utility Operations	22,889	(991)	-4.3%	23,880	152	0.6%	24,032
Water Management Services	2,805	213	7.6%	2,592	(6)	-0.2%	2,586
Real Estate Operations	33	1	3.0%	32	3	8.6%	35
Other	(72)	(5)	6.9%	(67)	29	76.3%	(38)
Total Operating Expenses	25,655	(782)	-3.0%	26,437	178	0.7%	26,615
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	25,655	(782)	-3.0%	26,437	178	0.7%	26,615
Operating Income (Loss)	8,254	(3,447)	-41.8%	4,807	600	14.3%	4,207
% of Revenue	24.3%			15.4%			13.6%
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)	2	50.0%	(4)
AFUDC Income (Expense)	218	(218)	100.0%	-	-	0.0%	-
Interest Income	50	(50)	100.0%	-	-	0.0%	-
Interest (Expense)	(8,083)	(43)	-0.5%	(8,126)	145	1.8%	(8,271)
Pre-tax Income (Loss)	1,078	(4,399)	-408.1%	(3,321)	747	18.4%	(4,068)
% of Revenue	3.2%			-10.6%			-13.2%
Provision for Income Taxes	210	637	-303.3%	(427)	(548)	-56.2%	(975)
Effective Tax Rate %	19.5%			12.9%			24.0%
Net Income (Loss)	868	(3,762)	-433.4%	(2,894)	199	6.4%	(3,093)
EBITDA	14,043	(3,435)	-24.5%	10,608	718	7.3%	9,890
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	14,043	(3,435)	-24.5%	10,608	718	7.3%	9,890
Less: Principal and Interest on External Debt	(5,210)	(959)	-18.4%	(6,169)	3,357	35.2%	(9,526)
Less: Principal and Interest on Note Payments to City	(6,363)	-	0.0%	(6,363)	-	0.0%	(6,363)
Net Remainder	2,470	(4,394)	177.9%	(1,924)	4,075	67.9%	(5,999)

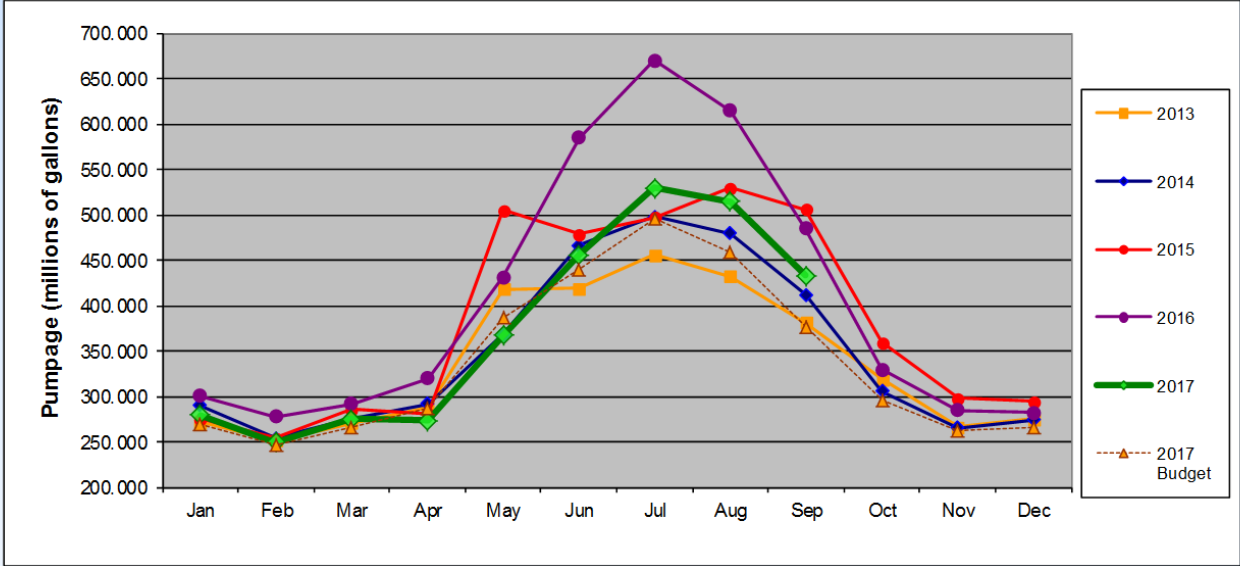
**Pennichuck Corporation
Capital Expenditures - Summary**

9/30/2017
(\$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	\$ 2,551	\$ 3,296	PWW	\$ 10,832	\$ 4,145	\$ 8,789
1,411	174	3,619	PEU	1,762	812	4,547
7	1	18	PAC	80	52	122
-	-	800	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 6,418</u>	<u>\$ 2,726</u>	<u>\$ 7,733</u>	Subtotal	<u>\$ 12,674</u>	<u>\$ 5,009</u>	<u>\$ 14,258</u>
98	-	-	AFUDC	218	-	-
634	490		CIAC	1,071	5,001	-
<u>\$ 7,150</u>	<u>\$ 3,216</u>	<u>\$ 7,733</u>	Total	<u>\$ 13,963</u>	<u>\$ 10,010</u>	<u>\$ 14,258</u>

Pennichuck Corporation
PWW Pumpage

9/30/2017
(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	432,840				3,375,820

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

9/30/2017
(\$000's)

<u>ASSETS</u>	<u>Dec-16</u>	<u>Sep-17</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Land	\$ 3,079	\$ 3,140	\$ 3,079
Buildings	61,450	65,333	62,638
Equipment & software	191,849	202,870	201,004
	<u>256,378</u>	<u>271,343</u>	<u>266,721</u>
Accumulated depreciation	(64,701)	(68,845)	(70,469)
	<u>191,677</u>	<u>202,498</u>	<u>196,252</u>
Work in process	10,021	4,108	14,888
Net Plant and Equipment	<u>201,698</u>	<u>206,606</u>	<u>211,140</u>
 Current Assets:			
Cash	2,446	728	104
Restricted cash - 2014 Bond Project Fund	6,166	-	-
Restricted cash - 2015 Bond Project Fund	1,402	-	-
Restricted cash -RSF	6,530	6,967	6,900
Accounts receivable-billed, net	4,165	4,037	4,039
Accounts receivable-unbilled, net	1,921	2,668	2,692
Accounts receivable-other	-	15	42
Inventory	666	592	599
Prepaid expenses	531	847	315
Prepaid property taxes	1,163	-	418
Prepaid income taxes	352	481	-
Total Current Assets	<u>25,342</u>	<u>16,335</u>	<u>15,109</u>
 Other Assets:			
Deferred land costs	2,248	2,248	2,248
Debt issuance expenses	-	-	4,404
Investment in partnerships	104	102	99
Acquisition Premium and other	85,203	83,513	83,865
Total Other Assets	<u>87,555</u>	<u>85,863</u>	<u>90,616</u>
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <u>\$ 314,595</u>	 <u>\$ 308,804</u>	 <u>\$ 316,865</u>

Pennichuck Corporation
Consolidated Balance Sheets

9/30/2017
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Dec-16</u>	<u>Sep-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	279	258
Retained earnings	(10,241)	(13,344)	(13,497)
Treasury stock and other	-	-	-
Total Stockholders' Equity	20,577	17,496	17,117
Long Term Debt:			
Bonds, notes and mortgages	200,758	197,805	207,001
Total Long Term Debt	200,758	197,805	207,001
Current Liabilities:			
Line of credit	-	278	4,565
Current portion of long term debt	5,162	5,430	4,160
Accounts payable	6,300	3,731	1,352
Deferred revenue watertight	63	90	-
Accrued interest payable	1,704	818	823
Other accrued expenses	942	967	3,676
Income taxes payable	(16)	(16)	(16)
Customer deposits & other	806	299	413
Total Current Liabilities	14,961	11,597	14,973
Other Liabilities and Deferred Credits:			
Deferred income taxes	20,870	20,498	20,539
Accrued liability pension	9,010	8,818	9,032
Unamortized debt premium	3,082	2,994	-
Unamortized ITC	537	512	512
Regulatory Liability	759	743	231
Accrued Post Retirement Benefits	2,578	2,691	2,579
Customer Advances	84	84	552
CIAC, net	40,364	44,609	40,051
Other liability: derivative instrument	453	417	453
Other long-term liabilities	562	540	3,825
Total Other Liabilities and Deferred Credits	78,299	81,906	77,774
TOTAL LIABILITIES AND EQUITY	\$ 314,595	\$ 308,804	\$ 316,865

Pennichuck Corporation
Consolidated Cash Flow Statements

9/30/2017

(\$000's)

	<u>QTD</u>	<u>YTD</u>
Operating Activities:		
Net Income (Loss)	\$ 429	\$ (2,894)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,937	5,804
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	(8)	(25)
Provision for deferred income taxes	550	(386)
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	(753)	(634)
(Increase) decrease in income taxes payable	-	-
(Increase) decrease in materials and supplies	61	73
(Increase) decrease in prepaid expenses	830	719
(Increase) decrease in deferred charges and other assets	148	383
Increase (decrease) in accounts payable and accrued expenses	818	(3,428)
Increase (decrease) in other	(373)	(597)
Net cash provided by (used in) operating activities	3,638	(1,015)
Investing activities:		
Purchases of property, plant and equipment, including debt component of AFUDC	(2,460)	(5,075)
Proceeds from sales of property, plant and equipment	-	37
(Increase) decrease in restricted cash	(679)	7,130
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	(3,139)	2,092
Financing activities:		
Advances (repayments) on line of credit	278	278
Payments on long term debt	(778)	(4,406)
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	(500)	(2,795)
Increase (decrease) in cash	(1)	(1,718)
Cash and cash equivalents at beginning of period	729	2,446
Cash and cash equivalents at end of period	\$ 728	\$ 728