

**Financial Review**  
**Unaudited Results through March 31, 2018**  
**And**  
**Revenues and Usage through March**  
**As of April 24, 2018**

Pennichuck Corporation  
YTD Income Statement

Business: Consolidated

3/31/2018  
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
<b>Revenues:</b>							
Water Utility Operations	\$ 8,053	\$ 343	4.3%	\$ 8,396	\$ (274)	-3.2%	\$ 8,670
Water Management Services	817	121	14.8%	938	52	5.9%	886
Real Estate Operations	3	-	0.0%	3	-	0.0%	3
Other	-	-	0.0%	-	-	0.0%	-
<b>Total Revenues</b>	<b>8,873</b>	<b>464</b>	<b>5.2%</b>	<b>9,337</b>	<b>(222)</b>	<b>-2.3%</b>	<b>9,559</b>
<b>Operating Expenses:</b>							
Water Utility Operations	7,762	(399)	-5.1%	8,161	(88)	-1.1%	8,073
Water Management Services	862	(80)	-9.3%	942	(98)	-11.6%	844
Real Estate Operations	9	(2)	-22.2%	11	1	8.3%	12
Other	(23)	3	-13.0%	(26)	14	116.7%	(12)
<b>Total Operating Expenses</b>	<b>8,610</b>	<b>(478)</b>	<b>-5.6%</b>	<b>9,088</b>	<b>(171)</b>	<b>-1.9%</b>	<b>8,917</b>
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
<b>Net Operating Expenses</b>	<b>8,610</b>	<b>(478)</b>	<b>-5.6%</b>	<b>9,088</b>	<b>(171)</b>	<b>-1.9%</b>	<b>8,917</b>
<b>Operating Income (Loss)</b>	<b>263</b>	<b>(14)</b>	<b>-5.3%</b>	<b>249</b>	<b>(393)</b>	<b>-61.2%</b>	<b>642</b>
<b>% of Revenue</b>	<b>3.0%</b>			<b>2.7%</b>			<b>6.7%</b>
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	(1)	-	0.0%	(1)	-	0.0%	(1)
AFUDC Income (Expense)	-	9	0.0%	9	9	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(2,660)	24	0.9%	(2,636)	120	4.4%	(2,756)
<b>Pre-tax Income (Loss)</b>	<b>(2,398)</b>	<b>19</b>	<b>0.8%</b>	<b>(2,379)</b>	<b>(264)</b>	<b>-12.5%</b>	<b>(2,115)</b>
<b>% of Revenue</b>	<b>-27.0%</b>			<b>-25.5%</b>			<b>-22.1%</b>
Provision for Income Taxes	(997)	(132)	-13.2%	(865)	812	1532.1%	(53)
Effective Tax Rate %	41.6%			36.4%			2.5%
<b>Net Income (Loss)</b>	<b>(1,401)</b>	<b>(113)</b>	<b>-8.1%</b>	<b>(1,514)</b>	<b>548</b>	<b>26.6%</b>	<b>(2,062)</b>
<b>EBITDA</b>	<b>2,196</b>	<b>54</b>	<b>2.5%</b>	<b>2,250</b>	<b>(413)</b>	<b>-15.5%</b>	<b>2,663</b>
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
<b>Normalized EBITDA</b>	<b>2,196</b>	<b>54</b>	<b>2.5%</b>	<b>2,250</b>	<b>(413)</b>	<b>-15.5%</b>	<b>2,663</b>
Less: Principal and Interest on External Debt	(3,399)	(111)	-3.3%	(3,510)	150	4.1%	(3,660)
Less: Principal and Interest on Note Payments to City	(2,121)	-	0.0%	(2,121)	-	0.0%	(2,121)
<b>Net Remainder</b>	<b>(3,324)</b>	<b>(57)</b>	<b>-1.7%</b>	<b>(3,381)</b>	<b>(263)</b>	<b>-8.4%</b>	<b>(3,118)</b>

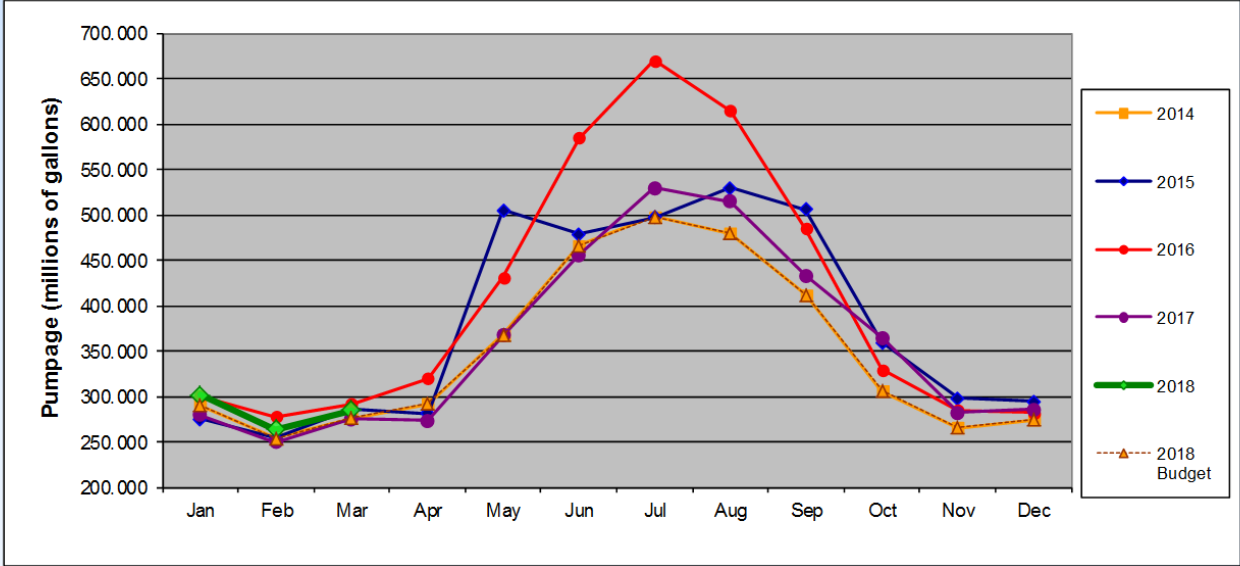
**Pennichuck Corporation  
Capital Expenditures - Summary**

3/31/2018  
(\$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>
\$ 623	\$ 410	\$ 742	PWW	\$ 623	\$ 410	\$ 742
494	114	257	PEU	494	114	257
9	7	-	PAC	9	7	-
-	-	-	PWSC	-	-	-
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 1,126</u>	<u>\$ 531</u>	<u>\$ 999</u>	Subtotal	<u>\$ 1,126</u>	<u>\$ 531</u>	<u>\$ 999</u>
-	9	-	AFUDC	-	9	-
120	205	-	CIAC	120	205	-
<u>\$ 1,246</u>	<u>\$ 745</u>	<u>\$ 999</u>	Total	<u>\$ 1,246</u>	<u>\$ 745</u>	<u>\$ 999</u>

**Pennichuck Corporation  
PWW Pumpage**

3/31/2018  
(S000's)



Pumpage Data (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
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
2018	300.940	263.970	284.930										849.840

Pumpage Data - Budget (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2018 Budget	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

Pennichuck Corporation  
Consolidated Balance Sheets

3/31/2018  
(\$000's)

<u>ASSETS</u>	<u>Mar-18</u>		
	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,305	\$ 3,305	\$ 3,305
Buildings	65,608	65,608	66,635
Equipment & software	209,604	210,031	210,253
	<u>278,517</u>	<u>278,944</u>	<u>280,193</u>
Accumulated depreciation	(69,997)	(71,756)	(72,714)
	<u>208,520</u>	<u>207,188</u>	<u>207,479</u>
Work in process	1,978	2,203	2,248
Net Plant and Equipment	<u>210,498</u>	<u>209,391</u>	<u>209,727</u>
 Current Assets:			
Cash	994	1,788	5,335
Restricted cash - 2014 Bond Project Fund	2,131	-	-
Restricted cash - 2015 Bond Project Fund	1,158	-	-
Restricted cash -RSF	4,952	4,236	4,100
Accounts receivable-billed, net	3,420	3,067	3,137
Accounts receivable-unbilled, net	2,265	2,128	2,296
Accounts receivable-other	14	21	14
Inventory	604	658	572
Prepaid expenses	598	658	570
Prepaid property taxes	1,143	-	11
Prepaid income taxes	516	516	516
Total Current Assets	<u>17,795</u>	<u>13,072</u>	<u>16,551</u>
 Other Assets:			
Deferred land costs	2,257	2,268	2,257
Debt issuance expenses	-	-	4,196
Investment in partnerships	103	102	102
Acquisition Premium and other	84,138	83,598	83,680
Total Other Assets	<u>86,498</u>	<u>85,968</u>	<u>90,235</u>
 Total Intercompany Accounts	 -	 -	 -
 TOTAL ASSETS	 <u>\$ 314,791</u>	 <u>\$ 308,431</u>	 <u>\$ 316,513</u>

Pennichuck Corporation  
Consolidated Balance Sheets

3/31/2018  
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
<b>Stockholders' Equity:</b>			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,493
Accumulated other comprehensive income	305	362	305
Retained earnings	(17,107)	(18,546)	(19,169)
Treasury stock and other	-	-	-
<b>Total Stockholders' Equity</b>	<b>13,759</b>	<b>12,377</b>	<b>11,629</b>
<b>Long Term Debt:</b>			
Bonds, notes and mortgages	197,905	194,844	207,936
<b>Total Long Term Debt</b>	<b>197,905</b>	<b>194,844</b>	<b>207,936</b>
<b>Current Liabilities:</b>			
Line of credit	5,574	5,745	-
Current portion of long term debt	5,575	5,730	6,250
Accounts payable	1,543	1,134	1,213
Deferred revenue watertight	66	85	-
Accrued interest payable	1,625	774	786
Other accrued expenses	884	1,041	2,326
Income taxes payable	(16)	(21)	(16)
Customer deposits & other	191	185	136
<b>Total Current Liabilities</b>	<b>15,442</b>	<b>14,673</b>	<b>10,695</b>
<b>Other Liabilities and Deferred Credits:</b>			
Deferred income taxes	22,209	12,030	23,598
Accrued liability pension	9,792	9,802	9,914
Unamortized debt premium	2,964	2,935	-
Unamortized ITC	504	495	495
Regulatory Liability	738	9,952	733
Accrued Post Retirement Benefits	3,047	3,090	3,047
Customer Advances	84	84	55
CIAC, net	47,458	47,387	47,455
Other liability: derivative instrument	374	280	374
Other long-term liabilities	515	482	582
<b>Total Other Liabilities and Deferred Credits</b>	<b>87,685</b>	<b>86,537</b>	<b>86,253</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 314,791</b>	<b>\$ 308,431</b>	<b>\$ 316,513</b>

**Pennichuck Corporation**  
**Consolidated Cash Flow Statements**

	Prior	Change		3/31/18 (S000's) YTD	Change		Budget
<b>Operating Activities:</b>							
Net Income (Loss)	\$ (1,401)	\$ (113)	8.1%	\$ (1,514)	\$ 549	26.6%	\$ (2,063)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>							
Depreciation and amortization	1,933	69	3.6%	2,002	(75)	-3.6%	2,077
Amortization of original issue discount	-	-	0.0%	-	-	0.0%	-
Gain on sale of property, plant and equipment	(31)	31	100.0%	-	-	0.0%	-
Gain on forgiveness of long term debt	-	-	0.0%	-	-	0.0%	-
Amortization of deferred investment tax credits	(8)	-	0.0%	(8)	0	3.1%	(8)
Provision for deferred income taxes	(984)	126	12.8%	(858)	(2,247)	-161.8%	1,389
Equity component of AFUDC	-	(3)	0.0%	(3)	(3)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	1	-	0.0%	1	2	206.5%	(1)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<u>Changes in assets and liabilities:</u>							
(Increase) decrease in accounts receivable and unbilled revenue	1,827	(1,344)	-73.6%	483	232	92.1%	251
(Increase) decrease in income taxes payable	-	-	0.0%	-	-	0.0%	-
(Increase) decrease in materials and supplies	(42)	(12)	-28.6%	(54)	(86)	-268.0%	32
(Increase) decrease in prepaid expenses	1,071	12	1.1%	1,083	(39)	-3.4%	1,122
(Increase) decrease in deferred charges and other assets	125	(10)	-8.0%	115	(418)	-78.4%	533
Increase (decrease) in accounts payable and accrued expenses	(5,231)	4,175	79.8%	(1,056)	(1,399)	-408.3%	343
Increase (decrease) in other	157	(175)	-111.5%	(18)	298	94.3%	(316)
Net cash provided by (used in) operating activities	(2,583)	2,756	106.7%	173	(3,185)	-94.8%	3,358
<u>Investing activities:</u>							
Purchases of property, plant and equipment, including debt component of AFUDC	(1,363)	870	63.8%	(493)	506	50.6%	(999)
Proceeds from sales of property, plant and equipment	37	(37)	-100.0%	-	-	0.0%	-
(Increase) decrease in restricted cash	-	-	0.0%	-	(4,142)	-100.0%	4,142
Sales of investment securities	-	-	0.0%	-	-	0.0%	-
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	-	(11)	0.0%	(11)	(11)	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(1,326)	822	62.0%	(504)	(3,647)	-116.0%	3,143
<u>Financing activities:</u>							
Advances (repayments) on line of credit	-	171	0.0%	171	5,745	103.1%	(5,574)
Payments on long term debt	(2,860)	(135)	-4.7%	(2,995)	29	1.0%	(3,024)
Contributions in aid of construction	2	(1)	-50.0%	1	1	0.0%	-
Proceeds from long-term borrowings	1,046	(1,034)	-98.9%	12	(6,496)	-99.8%	6,508
Debt issuance costs	-	-	0.0%	-	1	100.0%	(1)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(70)	-	0.0%	(70)	(2)	-2.4%	(68)
Net cash provided by (used in) financing activities	(1,882)	(999)	-53.1%	(2,881)	(721)	-33.4%	(2,160)
Increase (decrease) in cash	(5,791)	2,579	44.5%	(3,212)	(7,553)	-174.0%	4,341
Cash and cash equivalents at beginning of period	16,544	(7,308)	-44.2%	9,236	8,242	828.9%	994
Cash and cash equivalents at end of period	\$ 10,753	(4,729)	-44.0%	\$ 6,024	689	12.9%	\$ 5,335