

Financial Review
Unaudited Results through June 30, 2018
And
Revenues and Usage through June
As of July 20, 2018

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

6/30/2018
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
Revenues:							
Water Utility Operations	\$ 16,828	\$ 2,008	11.9%	\$ 18,836	\$ (425)	-2.2%	\$ 19,261
Water Management Services	1,702	240	14.1%	1,942	193	11.0%	1,749
Real Estate Operations	6	-	0.0%	6	-	0.0%	6
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	18,536	2,248	12.1%	20,784	(232)	-1.1%	21,016
Operating Expenses:							
Water Utility Operations	15,671	(1,190)	-7.6%	16,861	(244)	-1.5%	16,617
Water Management Services	1,794	(160)	-8.9%	1,954	(224)	-12.9%	1,730
Real Estate Operations	22	1	4.5%	21	3	12.5%	24
Other	(48)	1	-2.1%	(49)	24	96.0%	(25)
Total Operating Expenses	17,439	(1,348)	-7.7%	18,787	(441)	-2.4%	18,346
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	17,439	(1,348)	-7.7%	18,787	(441)	-2.4%	18,346
Operating Income (Loss)	1,097	900	82.0%	1,997	(673)	-25.2%	2,670
% of Revenue	5.9%			9.6%			12.7%
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	(2)	-	0.0%	(2)	-	0.0%	(2)
AFUDC Income (Expense)	-	16	0.0%	16	16	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(5,382)	6	0.1%	(5,376)	127	2.3%	(5,503)
Pre-tax Income (Loss)	(4,287)	922	21.5%	(3,365)	(530)	-18.7%	(2,835)
% of Revenue	-23.1%			-16.2%			-13.5%
Provision for Income Taxes	(964)	46	4.8%	(1,010)	939	1322.5%	(71)
Effective Tax Rate %	22.5%			30.0%			2.5%
Net Income (Loss)	(3,323)	968	29.1%	(2,355)	409	14.8%	(2,764)
EBITDA	4,962	1,054	21.2%	6,016	(700)	-10.4%	6,716
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	4,962	1,054	21.2%	6,016	(700)	-10.4%	6,716
Less: Principal and Interest on External Debt	(4,768)	(219)	-4.6%	(4,987)	186	3.6%	(5,173)
Less: Principal and Interest on Note Payments to City	(4,242)	-	0.0%	(4,242)	-	0.0%	(4,242)
Net Remainder	(4,048)	835	20.6%	(3,213)	(514)	-19.0%	(2,699)

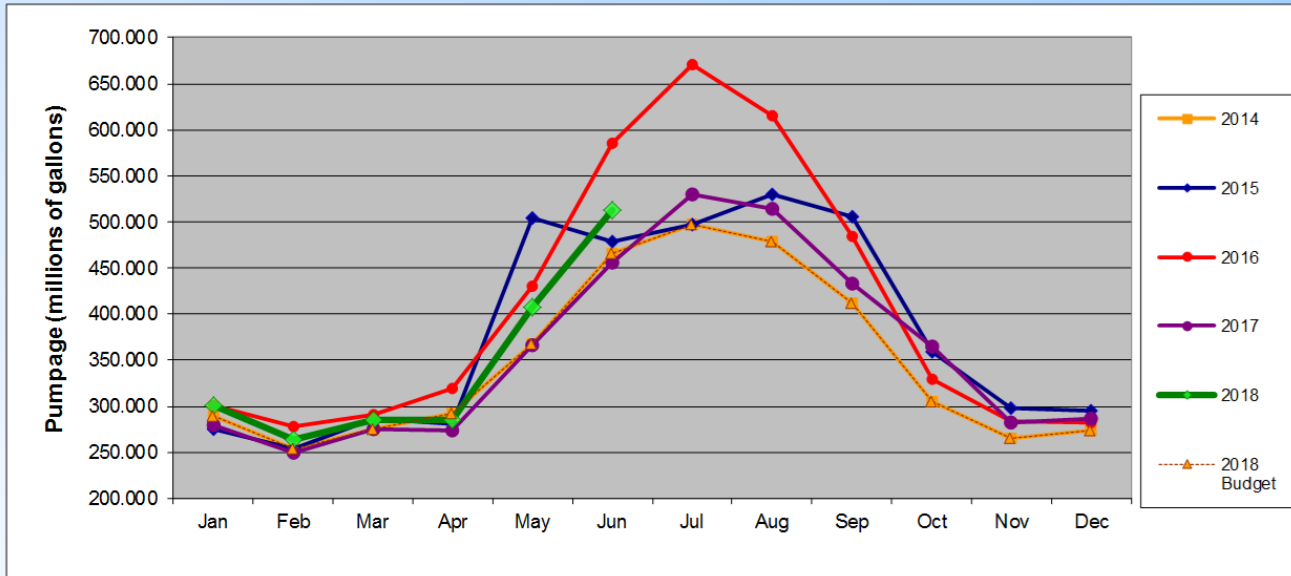
**Pennichuck Corporation
Capital Expenditures - Summary**

6/30/2018
(\$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>
\$ 971	\$ 755	\$ 2,748	PWW	\$ 1,594	\$ 1,165	\$ 5,229
144	937	941	PEU	638	1,051	2,064
42	-	13	PAC	51	7	82
-	-	-	PWSC	-	-	-
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 1,157</u>	<u>\$ 1,692</u>	<u>\$ 3,702</u>	Subtotal	<u>\$ 2,283</u>	<u>\$ 2,223</u>	<u>\$ 7,375</u>
-	7	-	AFUDC	-	17	-
4,391	588		CIAC	4,511	793	-
<u>\$ 5,548</u>	<u>\$ 2,287</u>	<u>\$ 3,702</u>	Total	<u>\$ 6,794</u>	<u>\$ 3,033</u>	<u>\$ 7,375</u>

**Pennichuck Corporation
PWW Pumpage**

6/30/2018
(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	285.380	407.240	512.830							2,055.290

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

6/30/2018
(\$000's)

<u>ASSETS</u>	<u>Dec-17</u>	<u>Jun-18</u>	
		<u>Actual</u>	<u>Budget</u>
Land	\$ 3,305	\$ 3,305	\$ 3,305
Buildings	65,608	65,582	66,646
Equipment & software	209,604	210,216	214,137
	278,517	279,103	284,088
Accumulated depreciation	(69,997)	(72,437)	(74,483)
	208,520	206,666	209,605
Work in process	1,978	3,298	4,728
Net Plant and Equipment	210,498	209,964	214,333
 Current Assets:			
Cash	994	728	108
Restricted cash - 2014 Bond Project Fund	2,131	-	-
Restricted cash - 2015 Bond Project Fund	1,158	-	-
Restricted cash - 2018 Bond Project Fund	-	34	-
Investments - Bond Project Funds	-	-	-
Restricted cash -RSF	4,952	3,416	7,400
Accounts receivable-billed, net	3,420	3,806	3,542
Accounts receivable-unbilled, net	2,265	2,979	3,014
Accounts receivable-other	14	11	14
Inventory	604	578	554
Prepaid expenses	598	672	533
Prepaid property taxes	1,143	1,138	1,143
Prepaid income taxes	516	552	516
Total Current Assets	17,795	13,914	16,824
 Other Assets:			
Deferred land costs	2,257	2,272	2,257
Debt issuance expenses	-	-	4,164
Investment in partnerships	103	101	101
Acquisition Premium and other	84,138	82,954	83,218
Total Other Assets	86,498	85,327	89,740
 Total Intercompany Accounts	-	-	-
 TOTAL ASSETS	\$ 314,791	\$ 309,205	\$ 320,897

Pennichuck Corporation
Consolidated Balance Sheets

6/30/2018
(\$000's)

<u>EQUITY AND LIABILITIES</u>	<u>Jun-18</u>		
	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,425
Accumulated other comprehensive income	305	386	305
Retained earnings	(17,107)	(19,456)	(19,871)
Treasury stock and other	-	-	-
Total Stockholders' Equity	13,759	11,491	10,859
Long Term Debt:			
Bonds, notes and mortgages	197,905	200,173	213,372
Total Long Term Debt	197,905	200,173	213,372
Current Liabilities:			
Line of credit	5,574	720	205
Current portion of long term debt	5,575	5,882	6,250
Accounts payable	1,543	2,805	1,312
Deferred revenue watertight	66	94	-
Accrued interest payable	1,625	160	4
Other accrued expenses	884	872	1,055
Income taxes payable	(16)	(26)	(16)
Customer deposits & other	191	243	136
Total Current Liabilities	15,442	10,750	8,946
Other Liabilities and Deferred Credits:			
Deferred income taxes	22,209	11,912	25,024
Accrued liability pension	9,792	9,771	9,986
Unamortized debt premium	2,964	3,027	-
Unamortized ITC	504	487	487
Regulatory Liability	738	9,949	728
Accrued Post Retirement Benefits	3,047	3,134	3,047
Customer Advances	84	84	55
CIAC, net	47,458	47,697	47,366
Other liability: derivative instrument	374	239	374
Other long-term liabilities	515	491	653
Total Other Liabilities and Deferred Credits	87,685	86,791	87,720
TOTAL LIABILITIES AND EQUITY	\$ 314,791	\$ 309,205	\$ 320,897

Pennichuck Corporation
Consolidated Cash Flow Statements

	Prior Yr.	Change		6/30/18 (S000's) YTD	Change		Budget
Operating Activities:							
Net Income (Loss)	\$ (3,323)	\$ 968	-29.1%	\$ (2,355)	\$ 409	14.8%	\$ (2,764)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>							
Depreciation and amortization	3,866	154	4.0%	4,020	(137)	-3.3%	4,157
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	(17)	-	0.0%	(17)	(0)	-2.9%	(17)
Provision for deferred income taxes	(936)	(58)	-6.2%	(994)	(3,810)	-135.3%	2,816
Equity component of AFUDC	-	(4)	0.0%	(4)	(4)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	2	-	0.0%	2	4	206.5%	(2)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<u>Changes in assets and liabilities:</u>							
(Increase) decrease in accounts receivable and unbilled revenue	119	(1,216)	-1021.8%	(1,097)	(227)	-26.0%	(870)
(Increase) decrease in income taxes payable	-	(37)	0.0%	(37)	(37)	0.0%	-
(Increase) decrease in materials and supplies	12	14	-116.7%	26	(23)	-47.2%	49
(Increase) decrease in prepaid expenses	(111)	41	-36.9%	(70)	(96)	-372.0%	26
(Increase) decrease in deferred charges and other assets	235	(637)	-271.1%	(402)	(1,431)	-139.1%	1,029
Increase (decrease) in accounts payable and accrued expenses	(4,246)	3,993	94.0%	(253)	1,290	83.6%	(1,543)
Increase (decrease) in other	(224)	374	-167.0%	150	767	124.3%	(617)
Net cash provided by (used in) operating activities	(4,654)	3,623	77.8%	(1,031)	(3,294)	-145.6%	2,263
<u>Investing activities:</u>							
Purchases of property, plant and equipment, including debt component of AFUDC	(2,615)	247	9.4%	(2,368)	5,005	67.9%	(7,373)
Proceeds from sales of property, plant and equipment	37	(37)	-100.0%	-	-	0.0%	-
(Increase) decrease in restricted cash	-	-	0.0%	-	(842)	-100.0%	842
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	-	(16)	0.0%	(16)	(16)	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(2,578)	194	7.5%	(2,384)	4,147	63.5%	(6,531)
<u>Financing activities:</u>							
Advances (repayments) on line of credit	-	(4,854)	0.0%	(4,854)	515	9.6%	(5,369)
Payments on long term debt	(3,628)	(225)	-6.2%	(3,853)	58	1.5%	(3,911)
Contributions in aid of construction	18	63	350.0%	81	81	0.0%	-
Proceeds from long-term borrowings	1,439	5,258	365.4%	6,697	(6,104)	-47.7%	12,801
Debt issuance costs	15	411	2740.0%	426	427	37272.8%	(1)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(139)	(1)	0.7%	(140)	(3)	-2.4%	(137)
Net cash provided by (used in) financing activities	(2,295)	652	28.4%	(1,643)	(5,026)	-148.6%	3,383
Increase (decrease) in cash	(9,527)	4,469	46.9%	(5,058)	(4,172)	-470.9%	(886)
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	\$ 7,017	(2,839)	-40.5%	\$ 4,178	4,070	3760.0%	\$ 108