

**Financial Review**  
**Unaudited Results through May 31, 2018**  
**And**  
**Revenues and Usage through May**  
**As of June 18, 2018**

Pennichuck Corporation  
YTD Income Statement

Business: Consolidated

5/31/2018  
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
<b>Revenues:</b>							
Water Utility Operations	\$ 13,469	\$ 1,055	7.8%	\$ 14,524	\$ (461)	-3.1%	\$ 14,985
Water Management Services	1,348	264	19.6%	1,612	154	10.6%	1,458
Real Estate Operations	5	-	0.0%	5	-	0.0%	5
Other	-	-	0.0%	-	-	0.0%	-
<b>Total Revenues</b>	<b>14,822</b>	<b>1,319</b>	<b>8.9%</b>	<b>16,141</b>	<b>(307)</b>	<b>-1.9%</b>	<b>16,448</b>
<b>Operating Expenses:</b>							
Water Utility Operations	12,838	(981)	-7.6%	13,819	(93)	-0.7%	13,726
Water Management Services	1,433	(222)	-15.5%	1,655	(202)	-13.9%	1,453
Real Estate Operations	16	(2)	-12.5%	18	2	10.0%	20
Other	(35)	1	-2.9%	(36)	15	71.4%	(21)
<b>Total Operating Expenses</b>	<b>14,252</b>	<b>(1,204)</b>	<b>-8.4%</b>	<b>15,456</b>	<b>(278)</b>	<b>-1.8%</b>	<b>15,178</b>
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
<b>Net Operating Expenses</b>	<b>14,252</b>	<b>(1,204)</b>	<b>-8.4%</b>	<b>15,456</b>	<b>(278)</b>	<b>-1.8%</b>	<b>15,178</b>
<b>Operating Income (Loss)</b>	<b>570</b>	<b>115</b>	<b>20.2%</b>	<b>685</b>	<b>(585)</b>	<b>-46.1%</b>	<b>1,270</b>
<b>% of Revenue</b>	<b>3.8%</b>			<b>4.2%</b>			<b>7.7%</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)	1	50.0%	(2)
AFUDC Income (Expense)	-	11	0.0%	11	11	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(4,476)	7	0.2%	(4,469)	154	3.3%	(4,623)
<b>Pre-tax Income (Loss)</b>	<b>(3,907)</b>	<b>133</b>	<b>3.4%</b>	<b>(3,774)</b>	<b>(419)</b>	<b>-12.5%</b>	<b>(3,355)</b>
<b>% of Revenue</b>	<b>-26.4%</b>			<b>-23.4%</b>			<b>-20.4%</b>
<b>Provision for Income Taxes</b>	<b>(879)</b>	<b>363</b>	<b>41.3%</b>	<b>(1,242)</b>	<b>1,157</b>	<b>1361.2%</b>	<b>(85)</b>
<b>Effective Tax Rate %</b>	<b>22.5%</b>			<b>32.9%</b>			<b>2.5%</b>
<b>Net Income (Loss)</b>	<b>(3,028)</b>	<b>496</b>	<b>16.4%</b>	<b>(2,532)</b>	<b>738</b>	<b>22.6%</b>	<b>(3,270)</b>
<b>EBITDA</b>	<b>3,789</b>	<b>237</b>	<b>6.3%</b>	<b>4,026</b>	<b>(614)</b>	<b>-13.2%</b>	<b>4,640</b>
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
<b>Normalized EBITDA</b>	<b>3,789</b>	<b>237</b>	<b>6.3%</b>	<b>4,026</b>	<b>(614)</b>	<b>-13.2%</b>	<b>4,640</b>
Less: Principal and Interest on External Debt	(4,280)	(185)	-4.3%	(4,465)	255	5.4%	(4,720)
Less: Principal and Interest on Note Payments to City	(3,535)	-	0.0%	(3,535)	-	0.0%	(3,535)
<b>Net Remainder</b>	<b>(4,026)</b>	<b>52</b>	<b>1.3%</b>	<b>(3,974)</b>	<b>(359)</b>	<b>-9.9%</b>	<b>(3,615)</b>

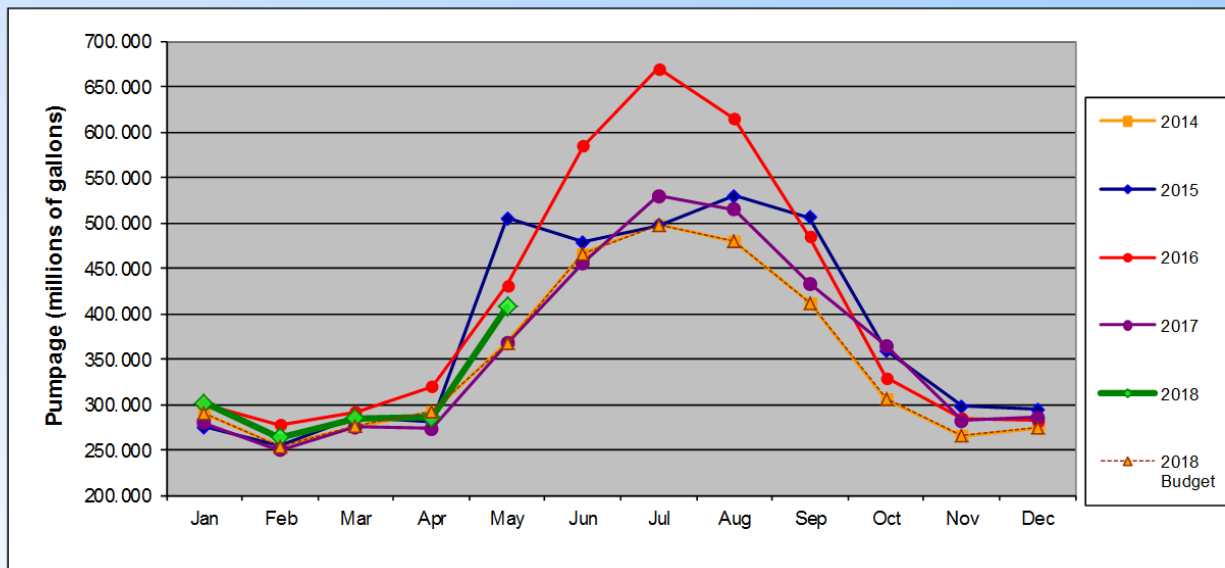
**Pennichuck Corporation  
Capital Expenditures - Summary**

5/31/2018  
(\$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>
\$ 971	\$ 442	\$ 2,748	PWW	\$ 1,594	\$ 852	\$ 3,490
144	857	941	PEU	638	971	1,198
42	-	13	PAC	51	7	13
-	-	-	PWSC	-	-	-
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 1,157</u>	<u>\$ 1,299</u>	<u>\$ 3,702</u>	Subtotal	<u>\$ 2,283</u>	<u>\$ 1,830</u>	<u>\$ 4,701</u>
-	2	-	AFUDC	-	11	-
4,391	565		CIAC	4,511	770	-
<u>\$ 5,548</u>	<u>\$ 1,866</u>	<u>\$ 3,702</u>	Total	<u>\$ 6,794</u>	<u>\$ 2,611</u>	<u>\$ 4,701</u>

## Pennichuck Corporation PWW Pumpage

5/31/2018  
(S000's)



Pumpage Data (millions of gallons)													Totals
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
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								1,542.460

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

5/31/2018  
(\$000's)

<u>ASSETS</u>	<u>May-18</u>		
	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,305	\$ 3,305	\$ 3,305
Buildings	65,608	65,610	66,636
Equipment & software	209,604	211,010	212,173
	278,517	279,925	282,114
Accumulated depreciation	(69,997)	(72,951)	(73,893)
	208,520	206,974	208,221
Work in process	1,978	3,094	4,028
Net Plant and Equipment	210,498	210,068	212,249
<b>Current Assets:</b>			
Cash	994	2,088	7,210
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	4,131	4,100
Accounts receivable-billed, net	3,420	2,535	3,211
Accounts receivable-unbilled, net	2,265	2,679	2,803
Accounts receivable-other	14	4	14
Inventory	604	626	555
Prepaid expenses	598	706	475
Prepaid property taxes	1,143	-	11
Prepaid income taxes	516	552	516
Total Current Assets	17,795	13,355	18,895
<b>Other Assets:</b>			
Deferred land costs	2,257	2,272	2,257
Debt issuance expenses	-	-	4,174
Investment in partnerships	103	101	101
Acquisition Premium and other	84,138	83,188	83,386
Total Other Assets	86,498	85,561	89,918
Total Intercompany Accounts	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 314,791</b>	<b>\$ 308,984</b>	<b>\$ 321,062</b>

Pennichuck Corporation  
Consolidated Balance Sheets

5/31/2018  
(\$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	372	305
Retained earnings	(17,107)	(19,634)	(20,377)
Treasury stock and other	-	-	-
<b>Total Stockholders' Equity</b>	<b>13,759</b>	<b>11,299</b>	<b>10,421</b>
<b>Long Term Debt:</b>			
Bonds, notes and mortgages	197,905	199,812	211,036
<b>Total Long Term Debt</b>	<b>197,905</b>	<b>199,812</b>	<b>211,036</b>
<b>Current Liabilities:</b>			
Line of credit	5,574	-	-
Current portion of long term debt	5,575	5,867	6,250
Accounts payable	1,543	1,985	1,283
Deferred revenue watertight	66	96	-
Accrued interest payable	1,625	1,387	1,382
Other accrued expenses	884	1,840	3,376
Income taxes payable	(16)	(26)	(16)
Customer deposits & other	191	170	136
<b>Total Current Liabilities</b>	<b>15,442</b>	<b>11,319</b>	<b>12,411</b>
<b>Other Liabilities and Deferred Credits:</b>			
Deferred income taxes	22,209	11,668	24,599
Accrued liability pension	9,792	9,688	9,873
Unamortized debt premium	2,964	3,037	-
Unamortized ITC	504	490	490
Regulatory Liability	738	9,950	730
Accrued Post Retirement Benefits	3,047	3,119	3,047
Customer Advances	84	84	55
CIAC, net	47,458	47,768	47,396
Other liability: derivative instrument	374	262	374
Other long-term liabilities	515	488	630
<b>Total Other Liabilities and Deferred Credits</b>	<b>87,685</b>	<b>86,554</b>	<b>87,194</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 314,791</b>	<b>\$ 308,984</b>	<b>\$ 321,062</b>

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

	Prior Yr.	Change		5/31/18 (\$000's) YTD	Change		Budget
<b>Operating Activities:</b>							
Net Income (Loss)	\$ (3,028)	\$ 496	-16.4%	\$ (2,532)	\$ 738	22.6%	\$ (3,270)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>							
Depreciation and amortization	3,219	123	3.8%	3,342	(121)	-3.5%	3,463
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	(14)	-	0.0%	(14)	(0)	-1.7%	(14)
Provision for deferred income taxes	(857)	(372)	-43.4%	(1,229)	(3,619)	-151.4%	2,390
Equity component of AFUDC	-	(3)	0.0%	(3)	(3)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	1	-	0.0%	1	3	163.9%	(2)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<u>Changes in assets and liabilities:</u>							
(Increase) decrease in accounts receivable and unbilled revenue	1,689	(1,208)	-71.5%	481	810	246.0%	(329)
(Increase) decrease in income taxes payable	-	(37)	0.0%	(37)	(37)	0.0%	-
(Increase) decrease in materials and supplies	-	(22)	0.0%	(22)	(71)	-144.7%	49
(Increase) decrease in prepaid expenses	1,131	(96)	-8.5%	1,035	(181)	-14.9%	1,216
(Increase) decrease in deferred charges and other assets	212	(485)	-228.8%	(273)	(1,123)	-132.1%	850
Increase (decrease) in accounts payable and accrued expenses	(4,119)	5,235	127.1%	1,116	(941)	-45.8%	2,057
Increase (decrease) in other	(216)	202	-93.5%	(14)	545	97.5%	(559)
Net cash provided by (used in) operating activities	(2,013)	3,864	192.0%	1,851	(4,002)	-68.4%	5,853
<u>Investing activities:</u>							
Purchases of property, plant and equipment, including debt component of AFUDC	(1,965)	75	3.8%	(1,890)	2,809	59.8%	(4,699)
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	-	(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	(1,928)	22	1.1%	(1,906)	(1,349)	-242.0%	(557)
<u>Financing activities:</u>							
Advances (repayments) on line of credit	-	(5,574)	0.0%	(5,574)	0	0.0%	(5,574)
Payments on long term debt	(3,339)	(192)	-5.8%	(3,531)	101	2.8%	(3,632)
Contributions in aid of construction	17	64	376.5%	81	81	0.0%	-
Proceeds from long-term borrowings	1,046	4,872	465.8%	5,918	(4,278)	-42.0%	10,196
Debt issuance costs	4	314	7850.0%	318	319	33398.4%	(1)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(140)	-	0.0%	(140)	(72)	-104.8%	(68)
Net cash provided by (used in) financing activities	(2,412)	(516)	-21.4%	(2,928)	(3,849)	-418.1%	921
Increase (decrease) in cash	(6,353)	3,370	53.0%	(2,983)	(9,199)	-148.0%	6,216
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	\$ 10,191	(3,938)	-38.6%	\$ 6,253	(957)	-13.3%	\$ 7,210