

**Financial Review**  
**Unaudited Results through August 31, 2018**  
**And**  
**Revenues and Usage through August**  
**As of September 20, 2018**

Pennichuck Corporation  
YTD Income Statement

Business: Consolidated

8/31/2018  
(\$000's)

	YTD						
	Actual vs. Prior and Budget						
	Prior	Change		Actual	Change		Budget
<b>Revenues:</b>							
Water Utility Operations	\$ 25,327	\$ 3,192	12.6%	\$ 28,519	\$ (69)	-0.2%	\$ 28,588
Water Management Services	2,238	138	6.2%	2,376	1	0.0%	2,375
Real Estate Operations	8	-	0.0%	8	-	0.0%	8
Other	-	-	0.0%	-	-	0.0%	-
<b>Total Revenues</b>	<b>27,573</b>	<b>3,330</b>	<b>12.1%</b>	<b>30,903</b>	<b>(68)</b>	<b>-0.2%</b>	<b>30,971</b>
<b>Operating Expenses:</b>							
Water Utility Operations	21,146	(1,973)	-9.3%	23,119	(541)	-2.4%	22,578
Water Management Services	2,316	(20)	-0.9%	2,336	(46)	-2.0%	2,290
Real Estate Operations	32	4	12.5%	28	4	12.5%	32
Other	(61)	1	-1.6%	(62)	28	82.4%	(34)
<b>Total Operating Expenses</b>	<b>23,433</b>	<b>(1,988)</b>	<b>-8.5%</b>	<b>25,421</b>	<b>(555)</b>	<b>-2.2%</b>	<b>24,866</b>
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
<b>Net Operating Expenses</b>	<b>23,433</b>	<b>(1,988)</b>	<b>-8.5%</b>	<b>25,421</b>	<b>(555)</b>	<b>-2.2%</b>	<b>24,866</b>
<b>Operating Income (Loss)</b>	<b>4,140</b>	<b>1,342</b>	<b>32.4%</b>	<b>5,482</b>	<b>(623)</b>	<b>-10.2%</b>	<b>6,105</b>
<b>% of Revenue</b>	<b>15.0%</b>			<b>17.7%</b>			<b>19.7%</b>
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-
Other Income (Expense)	(2)	(1)	-50.0%	(3)	10	76.9%	(13)
AFUDC Income (Expense)	-	31	0.0%	31	31	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(7,199)	(29)	-0.4%	(7,228)	176	2.4%	(7,404)
<b>Pre-tax Income (Loss)</b>	<b>(3,061)</b>	<b>1,343</b>	<b>43.9%</b>	<b>(1,718)</b>	<b>(406)</b>	<b>-30.9%</b>	<b>(1,312)</b>
<b>% of Revenue</b>	<b>-11.1%</b>			<b>-5.6%</b>			<b>-4.2%</b>
<b>Provision for Income Taxes</b>	<b>(438)</b>	<b>(292)</b>	<b>-66.7%</b>	<b>(146)</b>	<b>114</b>	<b>356.3%</b>	<b>(32)</b>
<b>Effective Tax Rate %</b>	<b>14.3%</b>			<b>8.5%</b>			<b>2.4%</b>
<b>Net Income (Loss)</b>	<b>(2,623)</b>	<b>1,051</b>	<b>40.1%</b>	<b>(1,572)</b>	<b>(292)</b>	<b>-22.8%</b>	<b>(1,280)</b>
<b>EBITDA</b>	<b>9,299</b>	<b>1,549</b>	<b>16.7%</b>	<b>10,848</b>	<b>(630)</b>	<b>-5.5%</b>	<b>11,478</b>
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
<b>Normalized EBITDA</b>	<b>9,299</b>	<b>1,549</b>	<b>16.7%</b>	<b>10,848</b>	<b>(630)</b>	<b>-5.5%</b>	<b>11,478</b>
Less: Principal and Interest on External Debt	(5,656)	(369)	-6.5%	(6,025)	254	4.0%	(6,279)
Less: Principal and Interest on Note Payments to City	(5,656)	-	0.0%	(5,656)	-	0.0%	(5,656)
<b>Net Remainder</b>	<b>(2,013)</b>	<b>1,180</b>	<b>58.6%</b>	<b>(833)</b>	<b>(376)</b>	<b>-82.3%</b>	<b>(457)</b>

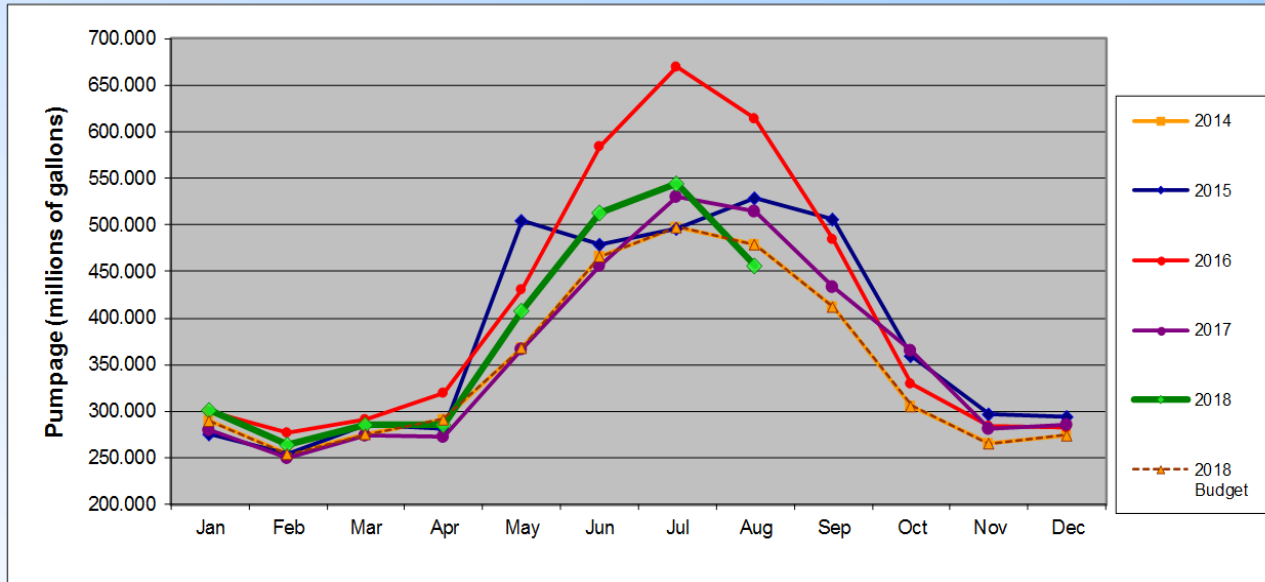
**Pennichuck Corporation**  
**Capital Expenditures - Summary**

8/31/2018  
(\$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>
\$ 2,551	\$ 1,677	\$ 2,852	PWV	\$ 4,145	\$ 2,842	\$ 8,081
174	1,816	1,454	PEU	812	2,867	3,518
1	6	47	PAC	52	13	129
-	-	800	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 2,726</u>	<u>\$ 3,499</u>	<u>\$ 5,153</u>	Subtotal	<u>\$ 5,009</u>	<u>\$ 5,722</u>	<u>\$ 12,528</u>
-	15	-	AFUDC	-	31	-
490	155	-	CIAC	5,001	948	-
<u>\$ 3,216</u>	<u>\$ 3,669</u>	<u>\$ 5,153</u>	Total	<u>\$ 10,010</u>	<u>\$ 6,701</u>	<u>\$ 12,528</u>

**Pennichuck Corporation  
PWW Pumpage**

8/31/2018  
(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	285.380	407.240	512.830	544.480	455.820					3,055.590

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

8/31/2018  
(\$000's)

<u>ASSETS</u>	<u>Aug-18</u>		
	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
Land	\$ 3,305	\$ 3,305	\$ 3,305
Buildings	65,608	65,677	66,656
Equipment & software	209,604	211,562	217,340
	<u>278,517</u>	<u>280,544</u>	<u>287,301</u>
Accumulated depreciation	(69,997)	(73,348)	(75,662)
	<u>208,520</u>	<u>207,196</u>	<u>211,639</u>
Work in process	1,978	5,278	6,668
Net Plant and Equipment	<u>210,498</u>	<u>212,474</u>	<u>218,307</u>
Current Assets:			
Cash	994	244	6,438
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	6,245	4,800
Accounts receivable-billed, net	3,420	3,168	4,371
Accounts receivable-unbilled, net	2,265	4,024	4,096
Accounts receivable-other	14	4	14
Inventory	604	613	540
Prepaid expenses	598	827	433
Prepaid property taxes	1,143	380	200
Prepaid income taxes	516	552	516
Total Current Assets	<u>17,795</u>	<u>16,091</u>	<u>21,408</u>
Other Assets:			
Deferred land costs	2,257	2,275	2,257
Debt issuance expenses	-	-	-
Investment in partnerships	103	101	101
Acquisition Premium and other	84,138	82,505	82,895
Total Other Assets	<u>86,498</u>	<u>84,881</u>	<u>85,253</u>
Total Intercompany Accounts	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 314,791</u>	<u>\$ 313,446</u>	<u>\$ 324,968</u>

**Pennichuck Corporation**  
**Consolidated Balance Sheets**

8/31/2018  
(\$000's)

<u><b>EQUITY AND LIABILITIES</b></u>	<u><b>Aug-18</b></u>		
	<u><b>Dec-17</b></u>	<u><b>Actual</b></u>	<u><b>Budget</b></u>
<b>Stockholders' Equity:</b>			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,424
Accumulated other comprehensive income	305	383	305
Retained earnings	(17,107)	(18,744)	(18,387)
Treasury stock and other	-	-	-
<b>Total Stockholders' Equity</b>	<b>13,759</b>	<b>12,200</b>	<b>12,342</b>
<b>Long Term Debt:</b>			
Bonds, notes and mortgages	197,905	203,258	204,743
<b>Total Long Term Debt</b>	<b>197,905</b>	<b>203,258</b>	<b>204,743</b>
<b>Current Liabilities:</b>			
Line of credit	5,574	3,335	8,989
Current portion of long term debt	5,575	5,870	6,307
Accounts payable	1,543	1,856	1,465
Deferred revenue watertight	66	89	-
Accrued interest payable	1,625	618	518
Other accrued expenses	884	1,095	1,752
Income taxes payable	(16)	(26)	(16)
Customer deposits & other	191	568	136
<b>Total Current Liabilities</b>	<b>15,442</b>	<b>13,405</b>	<b>19,151</b>
<b>Other Liabilities and Deferred Credits:</b>			
Deferred income taxes	22,209	12,782	26,093
Accrued liability pension	9,792	9,739	9,945
Unamortized debt premium	2,964	-	-
Unamortized ITC	504	482	482
Regulatory Liability	738	9,947	725
Accrued Post Retirement Benefits	3,047	3,163	3,047
Customer Advances	84	84	55
CIAC, net	47,458	47,667	47,308
Other liability: derivative instrument	374	245	374
Other long-term liabilities	515	474	703
<b>Total Other Liabilities and Deferred Credits</b>	<b>87,685</b>	<b>84,583</b>	<b>88,732</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 314,791</b>	<b>\$ 313,446</b>	<b>\$ 324,968</b>

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

	Prior Yr.	Change		8/31/18 (\$000's) YTD	Change		Budget
<b>Operating Activities:</b>							
Net Income (Loss)	\$ (2,623)	\$ 1,051	40.1%	\$ (1,572)	\$ (292)	-22.8%	\$ (1,280)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>							
Depreciation and amortization	5,160	207	4.0%	5,367	(176)	-3.2%	5,543
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	(22)	-	0.0%	(22)	0	0.1%	(22)
Provision for deferred income taxes	(402)	278	69.2%	(124)	(4,008)	-103.2%	3,884
Equity component of AFUDC	-	(7)	0.0%	(7)	(7)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	1	2	200.0%	3	6	219.8%	(3)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<b>Changes in assets and liabilities:</b>							
(Increase) decrease in accounts receivable and unbilled revenue	(95)	(1,402)	1475.8%	(1,497)	1,285	46.2%	(2,782)
(Increase) decrease in income taxes payable	-	(37)	0.0%	(37)	(37)	0.0%	-
(Increase) decrease in materials and supplies	16	(25)	156.3%	(9)	(73)	-114.2%	64
(Increase) decrease in prepaid expenses	426	108	25.4%	534	(535)	-50.0%	1,069
(Increase) decrease in deferred charges and other assets	322	(572)	-177.6%	(250)	(1,626)	-118.2%	1,376
Increase (decrease) in accounts payable and accrued expenses	(5,384)	4,799	89.1%	(585)	(405)	-225.9%	(180)
Increase (decrease) in other	(331)	846	-255.6%	515	1,372	160.1%	(857)
Net cash provided by (used in) operating activities	(2,963)	5,279	178.2%	2,316	(4,496)	-66.0%	6,812
<b>Investing activities:</b>							
Purchases of property, plant and equipment, including debt component of AFUDC	(3,240)	(2,685)	-82.9%	(5,925)	6,601	52.7%	(12,526)
Proceeds from sales of property, plant and equipment	37	(37)	-100.0%	-	-	0.0%	-
(Increase) decrease in restricted cash	-	-	0.0%	-	-	0.0%	-
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	-	(19)	0.0%	(19)	(19)	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(3,203)	(2,741)	-85.6%	(5,944)	6,582	52.5%	(12,526)
<b>Financing activities:</b>							
Advances (repayments) on line of credit	-	(2,239)	0.0%	(2,239)	3,335	59.8%	(5,574)
Payments on long term debt	(4,113)	(340)	-8.3%	(4,453)	78	1.7%	(4,531)
Contributions in aid of construction	18	63	350.0%	81	81	0.0%	-
Proceeds from long-term borrowings	1,503	5,807	386.4%	7,310	(10,650)	-59.3%	17,960
Debt issuance costs	21	405	1928.6%	426	428	27979.6%	(2)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(209)	(1)	0.5%	(210)	(73)	-53.6%	(137)
Net cash provided by (used in) financing activities	(2,780)	3,695	132.9%	915	(6,801)	-88.1%	7,716
Increase (decrease) in cash	(8,946)	6,233	69.7%	(2,713)	(4,715)	-235.5%	2,002
Cash and cash equivalents at beginning of period	16,544	(7,308)	-44.2%	9,236	(0)	0.0%	9,236
Cash and cash equivalents at end of period	\$ 7,598	(1,075)	-14.1%	\$ 6,523	(4,715)	-42.0%	\$ 11,238