

Financial Review
Unaudited Results through September 30, 2018
And
Revenues and Usage through September
As of October 19, 2018

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

9/30/2018
(\$000's)

	YTD						
	<u>Actual vs. Prior and Budget</u>						
	<u>Prior</u>	<u>Change</u>		<u>Actual</u>	<u>Change</u>		<u>Budget</u>
Revenues:							
Water Utility Operations	\$ 28,743	\$ 3,203	11.1%	\$ 31,946	\$ (1,093)	-3.3%	\$ 33,039
Water Management Services	2,493	138	5.5%	2,631	(51)	-1.9%	2,682
Real Estate Operations	8	1	12.5%	9	-	0.0%	9
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	31,244	3,342	10.7%	34,586	(1,144)	-3.2%	35,730
Operating Expenses:							
Water Utility Operations	23,880	(2,243)	-9.4%	26,123	(699)	-2.7%	25,424
Water Management Services	2,592	(12)	-0.5%	2,604	(23)	-0.9%	2,581
Real Estate Operations	32	1	3.1%	31	5	13.9%	36
Other	(67)	1	-1.5%	(68)	30	78.9%	(38)
Total Operating Expenses	26,437	(2,253)	-8.5%	28,690	(687)	-2.5%	28,003
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	26,437	(2,253)	-8.5%	28,690	(687)	-2.5%	28,003
Operating Income (Loss)	4,807	1,089	22.7%	5,896	(1,831)	-23.7%	7,727
% of Revenue	15.4%			17.0%			21.6%
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)	17	85.0%	(20)
AFUDC Income (Expense)	-	61	0.0%	61	61	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(8,126)	(17)	-0.2%	(8,143)	219	2.6%	(8,362)
Pre-tax Income (Loss)	(3,321)	1,132	34.1%	(2,189)	(1,534)	-234.2%	(655)
% of Revenue	-10.6%			-6.3%			-1.8%
Provision for Income Taxes	(427)	(291)	-68.1%	(136)	119	700.0%	(17)
Effective Tax Rate %	12.9%			6.2%			2.6%
Net Income (Loss)	(2,894)	841	29.1%	(2,053)	(1,415)	-221.8%	(638)
EBITDA	10,608	1,328	12.5%	11,936	(1,825)	-13.3%	13,761
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	10,608	1,328	12.5%	11,936	(1,825)	-13.3%	13,761
Less: Principal and Interest on External Debt	(6,169)	(339)	-5.5%	(6,508)	313	4.6%	(6,821)
Less: Principal and Interest on Note Payments to City	(6,363)	-	0.0%	(6,363)	-	0.0%	(6,363)
Net Remainder	(1,924)	989	51.4%	(935)	(1,512)	-262.0%	577

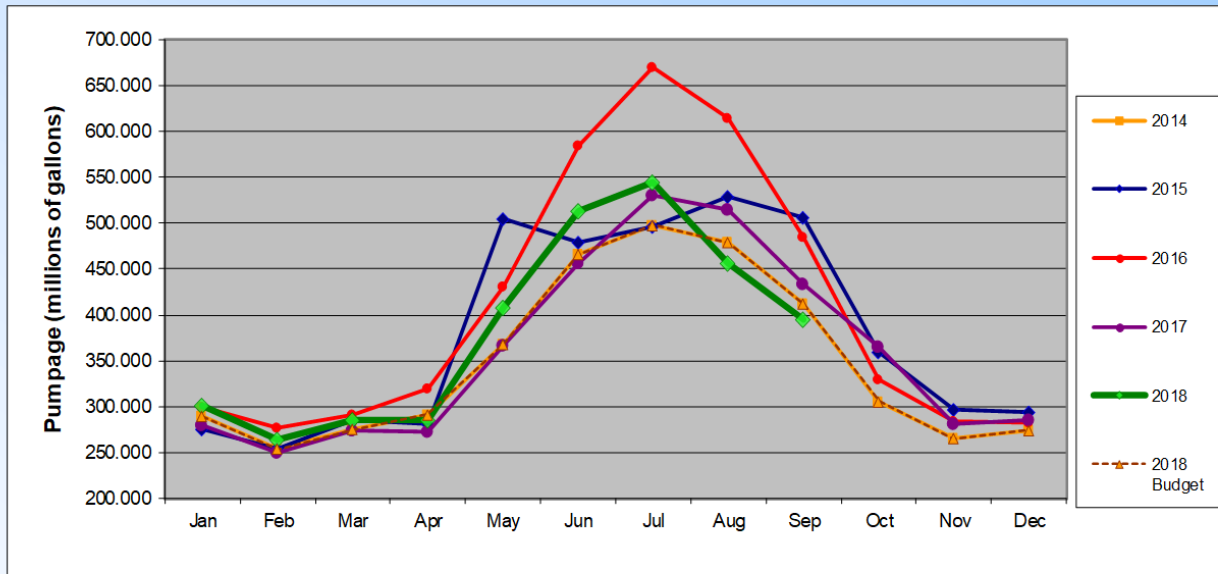
**Pennichuck Corporation
Capital Expenditures - Summary**

9/30/2018
(\$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>
\$ 2,551	\$ 2,335	\$ 3,873	PWW	\$ 4,145	\$ 3,500	\$ 9,102
174	2,363	2,088	PEU	812	3,414	4,152
1	7	52	PAC	52	14	134
-	-	800	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 2,726</u>	<u>\$ 4,705</u>	<u>\$ 6,813</u>	Subtotal	<u>\$ 5,009</u>	<u>\$ 6,928</u>	<u>\$ 14,188</u>
-	45	-	AFUDC	-	61	-
490	518	-	CIAC	5,001	1,311	-
<u>\$ 3,216</u>	<u>\$ 5,268</u>	<u>\$ 6,813</u>	Total	<u>\$ 10,010</u>	<u>\$ 8,300</u>	<u>\$ 14,188</u>

Pennichuck Corporation
PWW Pumpage

9/30/2018
(\$000'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	395.690				3,451.280

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

9/30/2018
(\$000's)

<u>ASSETS</u>	Sep-18		
	Dec-17	Actual	Budget
Land	\$ 3,305	\$ 3,305	\$ 3,305
Buildings	65,608	65,677	66,666
Equipment & software	209,604	211,698	219,141
	278,517	280,680	289,112
Accumulated depreciation	(69,997)	(73,535)	(76,254)
	208,520	207,145	212,858
Work in process	1,978	6,070	6,518
Net Plant and Equipment	210,498	213,215	219,376
 Current Assets:			
Cash	994	1,173	8,146
Restricted cash - 2014 Bond Project Fund	2,131	-	-
Restricted cash - 2015 Bond Project Fund	1,158	-	-
Restricted cash - 2018 Bond Project Fund	-	9	-
Investments - Bond Project Funds	-	-	-
Restricted cash -RSF	4,952	1,978	5,200
Restricted cash -DSRR 1.0 RSF	-	566	-
Restricted cash - MOERR RSF	-	566	-
Restricted cash -DSRR 1.0	-	2,494	-
Restricted cash -DSRR .1	-	493	-
Accounts receivable-billed, net	3,420	4,737	4,577
Accounts receivable-unbilled, net	2,265	3,092	3,579
Accounts receivable-other	14	4	14
Inventory	604	591	526
Prepaid expenses	598	823	388
Prepaid property taxes	1,143	-	74
Prepaid income taxes	516	552	516
Total Current Assets	17,795	17,078	23,020
 Other Assets:			
Deferred land costs	2,257	2,275	2,257
Debt issuance expenses	-	-	-
Investment in partnerships	103	103	100
Acquisition Premium and other	84,138	82,276	82,727
Total Other Assets	86,498	84,654	85,084
 Total Intercompany Accounts	-	-	-
 TOTAL ASSETS	\$ 314,791	\$ 314,947	\$ 327,480

Pennichuck Corporation
Consolidated Balance Sheets

9/30/2018
(\$000's)

	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
<u>EQUITY AND LIABILITIES</u>			
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,356
Accumulated other comprehensive income	305	410	305
Retained earnings	(17,107)	(19,224)	(17,745)
Treasury stock and other	-	-	-
Total Stockholders' Equity	13,759	11,747	12,916
Long Term Debt:			
Bonds, notes and mortgages	197,905	203,706	206,014
Total Long Term Debt	197,905	203,706	206,014
Current Liabilities:			
Line of credit	5,574	1,629	-
Lines of credit - Fixed Asset	-	2,829	9,102
Current portion of long term debt	5,575	5,935	6,310
Accounts payable	1,543	1,865	1,437
Deferred revenue watertight	66	85	-
Accrued interest payable	1,625	797	622
Other accrued expenses	884	1,088	1,937
Income taxes payable	(16)	(26)	(16)
Customer deposits & other	191	506	136
Total Current Liabilities	15,442	14,708	19,528
Other Liabilities and Deferred Credits:			
Deferred income taxes	22,209	12,816	26,522
Accrued liability pension	9,792	9,671	9,821
Unamortized debt premium	2,964	-	-
Unamortized ITC	504	479	479
Regulatory Liability	738	9,946	723
Accrued Post Retirement Benefits	3,047	3,177	3,047
Customer Advances	84	84	55
CIAC, net	47,458	47,938	47,278
Other liability: derivative instrument	374	199	374
Other long-term liabilities	515	476	723
Total Other Liabilities and Deferred Credits	87,685	84,786	89,022
TOTAL LIABILITIES AND EQUITY	\$ 314,791	\$ 314,947	\$ 327,480

Pennichuck Corporation
Consolidated Cash Flow Statements

	Prior Yr.	Change		9/30/18 (S000's) YTD	Change		Budget
Operating Activities:							
Net Income (Loss)	\$ (2,894)	\$ 841	29.1%	\$ (2,053)	\$ (1,414)	-221.4%	\$ (639)
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization	5,804	238	4.1%	6,042	(196)	-3.1%	6,238
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	(25)	-	0.0%	(25)	(0)	-0.9%	(25)
Provision for deferred income taxes	(386)	276	71.5%	(110)	(4,423)	-102.6%	4,313
Equity component of AFUDC	-	(12)	0.0%	(12)	(12)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	1	(1)	-100.0%	-	3	100.0%	(3)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable and unbilled revenue	(634)	(1,501)	236.8%	(2,135)	336	13.6%	(2,471)
(Increase) decrease in income taxes payable	-	(37)	0.0%	(37)	(37)	0.0%	-
(Increase) decrease in materials and supplies	74	(61)	82.4%	13	(64)	-83.2%	77
(Increase) decrease in prepaid expenses	719	199	27.7%	918	(321)	-25.9%	1,239
(Increase) decrease in deferred charges and other assets	382	(555)	-145.3%	(173)	(1,729)	-111.1%	1,556
Increase (decrease) in accounts payable and accrued expenses	(3,428)	2,828	82.5%	(600)	(752)	-495.6%	152
Increase (decrease) in other	(597)	1,192	-199.7%	595	1,748	151.6%	(1,153)
Net cash provided by (used in) operating activities	(1,015)	3,438	338.7%	2,423	(6,861)	-73.9%	9,284
Investing activities:							
Purchases of property, plant and equipment, including debt component of AFUDC	(5,075)	(2,145)	-42.3%	(7,220)	6,967	49.1%	(14,187)
Proceeds from sales of property, plant and equipment	36	(36)	-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	(5,039)	(2,200)	-43.7%	(7,239)	6,948	49.0%	(14,187)
Financing activities:							
Advances (repayments) on line of credit	278	(1,394)	-501.4%	(1,116)	4,458	80.0%	(5,574)
Payments on long term debt	(4,406)	(322)	-7.3%	(4,728)	93	1.9%	(4,821)
Contributions in aid of construction	19	382	2010.5%	401	401	0.0%	-
Proceeds from long-term borrowings	1,503	6,583	438.0%	8,086	(11,530)	-58.8%	19,616
Debt issuance costs	21	405	1928.6%	426	428	24881.8%	(2)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(209)	(1)	0.5%	(210)	(5)	-2.4%	(205)
Net cash provided by (used in) financing activities	(2,794)	5,653	202.3%	2,859	(6,155)	-68.3%	9,014
Increase (decrease) in cash	(8,848)	6,891	77.9%	(1,957)	(6,067)	-147.6%	4,110
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	\$ 7,696	(417)	-5.4%	\$ 7,279	(6,067)	-45.5%	\$ 13,346