

**Financial Review**  
**Unaudited Results through December 31, 2018**  
**And**  
**Revenues and Usage through December**  
**As of February 22, 2019**

Pennichuck Corporation  
YTD Income Statement

Business: Consolidated

12/31/2018  
(\$000's)

	YTD							
	Actual vs. Prior and Budget							
	Prior	Change		Actual	Change		Budget	
<b>Revenues:</b>								
Water Utility Operations	\$ 37,573	\$ 4,334	11.5%	\$ 41,907	\$ (538)	-1.3%	\$ 42,445	
Water Management Services	3,308	39	1.2%	3,347	(234)	-6.5%	3,581	
Real Estate Operations	11	1	9.1%	12	1	9.1%	11	
Other	-	-	0.0%	-	-	0.0%	-	
<b>Total Revenues</b>	<b>40,892</b>	<b>4,374</b>	<b>10.7%</b>	<b>45,266</b>	<b>(771)</b>	<b>-1.7%</b>	<b>46,037</b>	
<b>Operating Expenses:</b>								
Water Utility Operations	32,058	(2,777)	-8.7%	34,835	(1,235)	-3.7%	33,600	
Water Management Services	3,401	84	2.5%	3,317	121	3.5%	3,438	
Real Estate Operations	44	2	4.5%	42	6	12.5%	48	
Other	(86)	6	-7.0%	(92)	40	76.9%	(52)	
<b>Total Operating Expenses</b>	<b>35,417</b>	<b>(2,685)</b>	<b>-7.6%</b>	<b>38,102</b>	<b>(1,068)</b>	<b>-2.9%</b>	<b>37,034</b>	
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-	
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-	
<b>Net Operating Expenses</b>	<b>35,417</b>	<b>(2,685)</b>	<b>-7.6%</b>	<b>38,102</b>	<b>(1,068)</b>	<b>-2.9%</b>	<b>37,034</b>	
<b>Operating Income (Loss)</b>	<b>5,475</b>	<b>1,689</b>	<b>30.8%</b>	<b>7,164</b>	<b>(1,839)</b>	<b>-20.4%</b>	<b>9,003</b>	
<b>% of Revenue</b>	<b>13.4%</b>			<b>15.8%</b>			<b>19.6%</b>	
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-	
Equity Method Net Earnings (Loss)	-	-	0.0%	-	-	0.0%	-	
Other Income (Expense)	(3)	53	1766.7%	50	92	219.0%	(42)	
AFUDC Income (Expense)	26	80	-307.7%	106	106	0.0%	-	
Interest Income	-	-	0.0%	-	-	0.0%	-	
Interest (Expense)	(10,831)	(79)	-0.7%	(10,910)	343	3.0%	(11,253)	
<b>Pre-tax Income (Loss)</b>	<b>(5,333)</b>	<b>1,743</b>	<b>32.7%</b>	<b>(3,590)</b>	<b>(1,298)</b>	<b>-56.6%</b>	<b>(2,292)</b>	
<b>% of Revenue</b>	<b>-13.0%</b>			<b>-7.9%</b>			<b>-5.0%</b>	
<b>Provision for Income Taxes</b>	<b>1,253</b>	<b>(439)</b>	<b>35.0%</b>	<b>1,692</b>	<b>(1,750)</b>	<b>-3017.2%</b>	<b>(58)</b>	
<b>Effective Tax Rate %</b>	<b>-23.5%</b>			<b>-47.1%</b>			<b>2.5%</b>	
<b>Net Income (Loss)</b>	<b>(6,586)</b>	<b>1,304</b>	<b>19.8%</b>	<b>(5,282)</b>	<b>(3,048)</b>	<b>-136.4%</b>	<b>(2,234)</b>	
<b>EBITDA</b>	<b>13,310</b>	<b>2,102</b>	<b>15.8%</b>	<b>15,412</b>	<b>(1,611)</b>	<b>-9.5%</b>	<b>17,023</b>	
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-	
<b>Normalized EBITDA</b>	<b>13,310</b>	<b>2,102</b>	<b>15.8%</b>	<b>15,412</b>	<b>(1,611)</b>	<b>-9.5%</b>	<b>17,023</b>	
Less: Principal and Interest on External Debt	(7,556)	(484)	-6.4%	(8,040)	482	5.7%	(8,522)	
Less: Principal and Interest on Note Payments to City	(8,484)	-	0.0%	(8,484)	(2,121)	-33.3%	(6,363)	
<b>Net Remainder</b>	<b>(2,730)</b>	<b>1,618</b>	<b>59.3%</b>	<b>(1,112)</b>	<b>(1,129)</b>	<b>-6641.2%</b>	<b>17</b>	

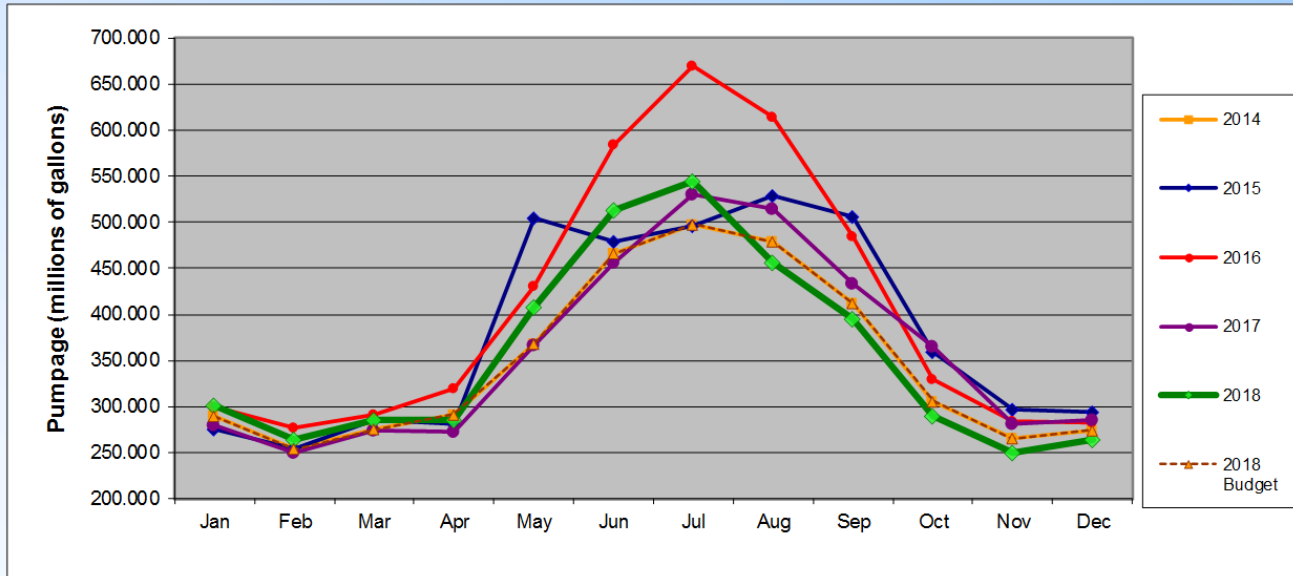
**Pennichuck Corporation**  
**Capital Expenditures - Summary**

12/31/2018  
(\$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>
\$ 2,504	\$ 5,582	\$ 1,036	PWV	\$ 6,649	\$ 9,082	\$ 10,138
437	1,042	674	PEU	1,249	4,456	4,826
10	9	1	PAC	62	23	135
-	-	-	PWSC	-	-	800
-	-	-	Southwood Corp.	-	-	-
-	-	-	Holding Company	-	-	-
<u>\$ 2,951</u>	<u>\$ 6,633</u>	<u>\$ 1,711</u>	Subtotal	<u>\$ 7,960</u>	<u>\$ 13,561</u>	<u>\$ 15,899</u>
26	45	-	AFUDC	26	106	-
3,128	4,344		CIAC	8,129	5,655	-
<u>\$ 6,105</u>	<u>\$ 11,022</u>	<u>\$ 1,711</u>	Total	<u>\$ 16,115</u>	<u>\$ 19,322</u>	<u>\$ 15,899</u>

**Pennichuck Corporation  
PWW Pumpage**

12/31/2018  
(S000's)



**Pumpage Data (millions of gallons)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>2014</b>	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
<b>2015</b>	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
<b>2016</b>	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
<b>2017</b>	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
<b>2018</b>	300.940	263.970	284.930	285.380	407.240	512.830	544.480	455.820	395.690	289.960	250.230	264.060	4,255.530

**Pumpage Data - Budget (millions of gallons)**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
<b>2018 Budget</b>	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

12/31/2018  
(S000's)

	Dec-18		
	Dec-17	Actual	Budget
<b>ASSETS</b>			
Land	\$ 3,305	\$ 3,345	\$ 3,305
Buildings	65,608	65,807	66,676
Equipment & software	209,604	223,624	225,383
	278,517	292,776	295,364
Accumulated depreciation	(69,997)	(73,091)	(78,026)
	208,520	219,685	217,338
Work in process	1,978	2,175	1,978
Net Plant and Equipment	210,498	221,860	219,316
<b>Current Assets:</b>			
Cash	994	1,575	7,146
Restricted cash - 2014 Bond Project Fund	2,131	2,158	-
Restricted cash - 2015 Bond Project Fund	1,158	1,170	-
Restricted cash - 2018 Bond Project Fund	-	9	-
Investments - Bond Project Funds	-	-	-
Restricted cash -RSF	4,952	754	8,200
Restricted cash -DSRR 1.0 RSF	-	280	-
Restricted cash - MOERR RSF	-	771	-
Restricted cash - MOERR	-	240	-
Restricted cash -DSRR 1.0	-	720	-
Restricted cash -DSRR .1	-	663	-
Accounts receivable-billed, net	3,420	3,417	3,729
Accounts receivable-unbilled, net	2,265	2,927	2,154
Accounts receivable-other	14	4	14
Inventory	604	611	513
Prepaid expenses	598	610	398
Prepaid property taxes	1,143	1,021	1,143
Intercompany receivable	-	-	-
Total Current Assets	17,795	16,930	23,813
<b>Other Assets:</b>			
Deferred land costs	2,257	2,275	2,257
Debt issuance expenses	-	-	-
Investment in partnerships	103	104	99
Acquistion Premium and other	84,138	81,964	82,245
Total Other Assets	86,498	84,343	84,601
Total Intercompany Accounts	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 314,791</b>	<b>\$ 323,133</b>	<b>\$ 327,730</b>

Pennichuck Corporation  
Consolidated Balance Sheets

12/31/2018  
(\$000's)

<u><b>EQUITY AND LIABILITIES</b></u>	<u>Dec-18</u>		
	<u>Dec-17</u>	<u>Actual</u>	<u>Budget</u>
<b>Stockholders' Equity:</b>			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,288
Accumulated other comprehensive income	305	372	305
Retained earnings	(17,107)	(22,524)	(19,340)
Treasury stock and other	-	-	-
<b>Total Stockholders' Equity</b>	<b>13,759</b>	<b>8,409</b>	<b>11,253</b>
<b>Long Term Debt:</b>			
Bonds, notes and mortgages	197,905	203,190	213,986
<b>Total Long Term Debt</b>	<b>197,905</b>	<b>203,190</b>	<b>213,986</b>
<b>Current Liabilities:</b>			
Line of credit	5,574	361	-
Fixed Asset Lines of Credit	-	6,265	-
Current portion of long term debt	5,575	6,019	8,144
Accounts payable	1,543	5,362	1,235
Deferred revenue watertight	66	63	-
Accrued interest payable	1,625	1,682	1,494
Other accrued expenses	884	1,068	1,029
Income taxes payable	(16)	(22)	(16)
Customer deposits & other	191	235	136
<b>Total Current Liabilities</b>	<b>15,442</b>	<b>21,033</b>	<b>12,022</b>
<b>Other Liabilities and Deferred Credits:</b>			
Deferred income taxes	22,209	14,110	27,925
Accrued liability pension	9,792	10,021	9,894
Unamortized debt premium	2,964	-	-
Unamortized ITC	504	471	471
Regulatory Liability	738	9,943	718
Accrued Post Retirement Benefits	3,047	3,201	3,047
Customer Advances	84	84	55
CIAC, net	47,458	51,961	47,190
Other liability: derivative instrument	374	263	374
Other long-term liabilities	515	447	795
<b>Total Other Liabilities and Deferred Credits</b>	<b>87,685</b>	<b>90,501</b>	<b>90,469</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 314,791</b>	<b>\$ 323,133</b>	<b>\$ 327,730</b>

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

	Prior Yr.	Change		12/31/18 (S000's) YTD	Change		Budget
<b>Operating Activities:</b>							
Net Income (Loss)	\$ (6,441)	\$ 1,159	18.0%	\$ (5,282)	\$ (3,048)	-136.5%	\$ (2,234)
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>							
Depreciation and amortization	7,838	358	4.6%	8,196	(123)	-1.5%	8,319
Amortization of original issue discount	-	-	0.0%	-	-	0.0%	-
Gain on sale of property, plant and equipment	(31)	(84)	-271.0%	(115)	(115)	0.0%	-
Gain on forgiveness of long term debt	-	-	0.0%	-	-	0.0%	-
Amortization of deferred investment tax credits	(33)	-	0.0%	(33)	0	0.1%	(33)
Provision for deferred income taxes	(8,054)	9,260	115.0%	1,206	(4,510)	-78.9%	5,716
Equity component of AFUDC	(9)	(11)	122.2%	(20)	(20)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	1	-	0.0%	1	5	126.6%	(4)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
<b>Changes in assets and liabilities:</b>							
(Increase) decrease in accounts receivable and unbilled revenue	387	(1,036)	-267.7%	(649)	(451)	-227.2%	(198)
(Increase) decrease in income taxes payable	-	516	0.0%	516	516	0.0%	-
(Increase) decrease in materials and supplies	62	(69)	111.3%	(7)	(98)	-107.7%	91
(Increase) decrease in prepaid expenses	(210)	320	-152.4%	110	(51)	-31.6%	161
(Increase) decrease in deferred charges and other assets	(666)	350	-52.6%	(316)	(2,389)	-115.2%	2,073
Increase (decrease) in accounts payable and accrued expenses	(4,719)	8,420	178.4%	3,701	3,720	19240.5%	(19)
Increase (decrease) in other	9,613	(8,904)	-92.6%	709	2,159	148.9%	(1,450)
Net cash provided by (used in) operating activities	(2,262)	10,279	454.4%	8,017	(4,405)	-35.5%	12,422
<b>Investing activities:</b>							
Purchases of property, plant and equipment, including debt component of AFUDC	(7,692)	(6,099)	-79.3%	(13,791)	2,108	13.3%	(15,899)
Proceeds from sales of property, plant and equipment	37	82	221.6%	119	119	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	(8)	(11)	137.5%	(19)	(19)	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(7,663)	(6,028)	-78.7%	(13,691)	2,208	13.9%	(15,899)
<b>Financing activities:</b>							
Advances (repayments) on line of credit	5,574	(4,522)	-81.1%	1,052	6,626	118.9%	(5,574)
Payments on long term debt	(5,209)	(405)	-7.8%	(5,614)	139	2.4%	(5,753)
Contributions in aid of construction	36	660	1833.3%	696	696	0.0%	-
Proceeds from long-term borrowings	2,475	6,018	243.2%	8,493	(12,696)	-59.9%	21,189
Debt issuance costs	20	411	2055.0%	431	433	18904.5%	(2)
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(279)	(1)	0.4%	(280)	(7)	-2.4%	(273)
Net cash provided by (used in) financing activities	2,617	2,161	-82.6%	4,778	(4,809)	-50.2%	9,587
Increase (decrease) in cash	(7,308)	6,412	87.7%	(896)	(7,006)	-114.7%	6,110
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	\$ 9,236	(896)	-9.7%	\$ 8,340	(7,006)	-45.7%	\$ 15,346