

Financial Review
Unaudited Results through July 31, 2019
And
Revenues and Usage through July
As of August 16, 2019

Pennichuck Corporation
YTD Income Statement

Business: Consolidated

7/31/2019
(\$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	\$ 24,227	\$ (1,156)	-4.8%	\$ 23,071	\$ (1,441)	-5.9%	\$ 24,512
Water Management Services	2,135	(433)	-20.3%	1,702	25	1.5%	1,677
Real Estate Operations	7	-	0.0%	7	-	0.0%	7
Other	-	-	0.0%	-	-	0.0%	-
Total Revenues	26,369	(1,589)	-6.0%	24,780	(1,416)	-5.4%	26,196
Operating Expenses:							
Water Utility Operations	20,034	(583)	-2.9%	20,617	179	0.9%	20,796
Water Management Services	2,135	516	24.2%	1,619	(4)	-0.2%	1,615
Real Estate Operations	24	(2)	-8.3%	26	-	0.0%	26
Other	(55)	(1)	1.8%	(54)	1	1.9%	(53)
Total Operating Expenses	22,138	(70)	-0.3%	22,208	176	0.8%	22,384
PWW Management Fee Allocation	-	-	0.0%	-	-	0.0%	-
Holding Co. Mgmt. Fee Allocation	-	-	0.0%	-	-	0.0%	-
Net Operating Expenses	22,138	(70)	-0.3%	22,208	176	0.8%	22,384
Operating Income (Loss)	4,231	(1,659)	-39.2%	2,572	(1,240)	-32.5%	3,812
% of Revenue	16.0%			10.4%			14.6%
Eminent Domain & Merger (Costs)	-	-	0.0%	-	-	0.0%	-
Equity Method Net Earnings (Loss)	-	(2)	0.0%	(2)	-	0.0%	(2)
Other Income (Expense)	(2)	36	1800.0%	34	34	0.0%	-
AFUDC Income (Expense)	22	10	-45.5%	32	32	0.0%	-
Interest Income	-	-	0.0%	-	-	0.0%	-
Interest (Expense)	(6,296)	(171)	-2.7%	(6,467)	224	3.3%	(6,691)
Pre-tax Income (Loss)	(2,045)	(1,786)	-87.3%	(3,831)	(950)	-33.0%	(2,881)
% of Revenue	-7.8%			-15.5%			-11.0%
Provision for Income Taxes	(407)	(521)	-128.0%	114	(184)	-262.9%	(70)
Effective Tax Rate %	19.9%			-3.0%			2.4%
Net Income (Loss)	(1,638)	(2,307)	-140.8%	(3,945)	(1,134)	-40.3%	(2,811)
EBITDA	8,924	(1,428)	-16.0%	7,496	(1,181)	-13.6%	8,677
Add Back: Extraordinary Items	-	-	0.0%	-	-	0.0%	-
Normalized EBITDA	8,924	(1,428)	-16.0%	7,496	(1,181)	-13.6%	8,677
Less: Principal and Interest on External Debt	(5,474)	(467)	-8.5%	(5,941)	(146)	-2.5%	(5,795)
Less: Principal and Interest on Note Payments to City	(4,949)	-	0.0%	(4,949)	-	0.0%	(4,949)
Net Remainder	(1,499)	(1,895)	-126.4%	(3,394)	(1,327)	-64.2%	(2,067)

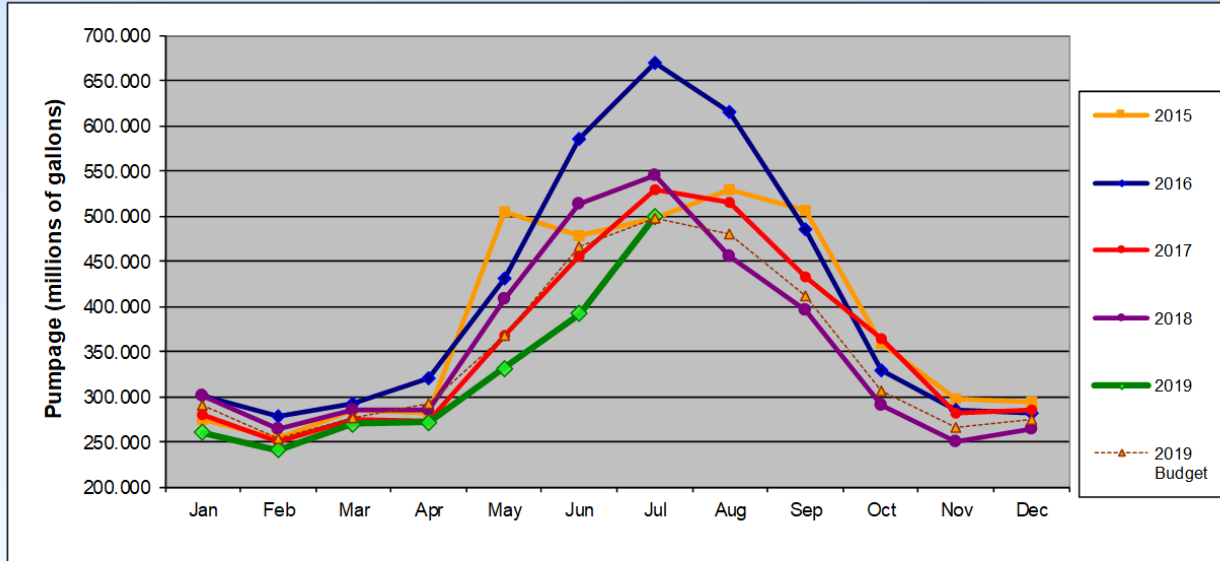
Pennichuck Corporation
Capital Expenditures - Summary

7/31/2019
(\$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>
\$ 2,335	\$ 1,521	\$ 2,459	PWW	\$ 3,500	\$ 3,611	\$ 8,844
2,363	166	609	PEU	3,414	604	2,463
7	7	26	PAC	14	13	57
-	-	-	PWSC	-	-	-
-	-	-	Southwood Corp.	-	-	-
-	-	-	 Holding Company	-	-	-
<u>\$ 4,705</u>	<u>\$ 1,694</u>	<u>\$ 3,094</u>	Subtotal	<u>\$ 6,928</u>	<u>\$ 4,228</u>	<u>\$ 11,364</u>
6	6	-	AFUDC	22	32	-
518	1,629		CIAC	1,311	3,215	-
<u>\$ 5,229</u>	<u>\$ 3,329</u>	<u>\$ 3,094</u>	Total	<u>\$ 8,261</u>	<u>\$ 7,475</u>	<u>\$ 11,364</u>

Pennichuck Corporation
PWW Pumpage

7/31/2019
 (\$000's)



Pumpage Data (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
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	289.960	250.230	264.060	4,255.530
2019	260.370	240.390	269.960	271.300	330.760	391.640	498.650						2,263.070

Pumpage Data - Budget (millions of gallons)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2019 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

7/31/2019
(S000's)

<u>ASSETS</u>	Jul-19		
	Dec-18	Actual	Budget
Land	\$ 3,345	\$ 3,467	\$ 3,330
Buildings	65,807	66,045	66,467
Equipment & software	223,624	228,189	224,743
	292,776	297,701	294,540
Accumulated depreciation	(73,091)	(76,972)	(79,733)
	219,685	220,729	214,807
Work in process	2,175	4,208	15,005
Net Plant and Equipment	221,860	224,937	229,812
 Current Assets:			
Cash	1,575	3,195	133
Restricted cash - 2014 Bond Project Fund	2,158	-	-
Restricted cash - 2015 Bond Project Fund	1,170	-	-
Restricted cash - 2018 Bond Project Fund	9	-	-
Restricted cash - 2019 Bond Project Fund	-	46	-
Investments - Bond Project Funds	-	-	-
Restricted cash -RSF	754	501	2,350
Restricted cash -DSRR 1.0 RSF	280	272	-
Restricted cash - MOERR RSF	771	185	-
Restricted cash - MOERR	240	995	-
Restricted cash -DSRR 1.0	720	1,956	-
Restricted cash -DSRR .1	663	610	-
Accounts receivable-billed, net	3,417	2,937	4,009
Accounts receivable-unbilled, net	2,927	3,766	4,042
Accounts receivable-other	4	4	26
Inventory	611	573	536
Prepaid expenses	610	914	497
Prepaid property taxes	1,021	729	543
Intercompany receivable	-	-	-
Total Current Assets	16,930	16,758	12,136
 Other Assets:			
Deferred land costs	2,275	2,193	2,293
Debt issuance expenses	-	-	-
Investment in partnerships	104	234	102
Acquisition Premium and other	81,964	80,558	80,362
Total Other Assets	84,343	82,985	82,757
 Total Intercompany Accounts	-	-	-
 TOTAL ASSETS	\$ 323,133	\$ 324,680	\$ 324,705

Pennichuck Corporation
Consolidated Balance Sheets

7/31/2019
(S000's)

<u>EQUITY AND LIABILITIES</u>	Dec-18	Jul-19	
		Actual	Budget
Stockholders' Equity:			
Common stock		\$ -	\$ -
Paid in capital	30,561	30,561	30,424
Accumulated other comprehensive income	372	310	372
Retained earnings	(22,524)	(26,488)	(22,634)
Treasury stock and other	-	-	-
Total Stockholders' Equity	8,409	4,383	8,162
Long Term Debt:			
Bonds, notes and mortgages	203,190	208,644	210,232
Total Long Term Debt	203,190	208,644	210,232
Current Liabilities:			
Line of credit	361	1,810	3,837
Fixed Asset Lines of Credit	6,265	3,190	5,191
Current portion of long term debt	6,019	6,495	6,213
Accounts payable	5,362	5,173	1,744
Deferred revenue watertight	63	74	-
Accrued interest payable	1,682	568	646
Other accrued expenses	1,068	1,003	1,164
Income taxes payable	(22)	(26)	(27)
Customer deposits & other	235	246	393
Total Current Liabilities	21,033	18,533	19,161
Other Liabilities and Deferred Credits:			
Deferred income taxes	14,110	14,205	12,791
Accrued liability pension	10,021	9,864	8,936
Unamortized debt premium	-	-	-
Unamortized ITC	471	451	451
Regulatory Liability	9,943	9,936	8,933
Accrued Post Retirement Benefits	3,201	3,309	3,219
Customer Advances	84	84	84
CIAC, net	51,961	54,461	51,881
Other liability: derivative instrument	263	366	263
Other long-term liabilities	447	444	592
Total Other Liabilities and Deferred Credits	90,501	93,120	87,150
TOTAL LIABILITIES AND EQUITY	\$ 323,133	\$ 324,680	\$ 324,705

Pennichuck Corporation
Consolidated Cash Flow Statements

	Prior Yr.	Change		7/31/19 (S000's) YTD	Change		Budget
Operating Activities:							
Net Income (Loss)	\$ (1,638)	\$ (2,307)	-140.8%	\$ (3,945)	\$ (1,134)	-40.3%	\$ (2,811)
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization	4,694	199	4.2%	4,893	(14)	-0.3%	4,907
Amortization of original issue discount	-	-	0.0%	-	-	0.0%	-
Gain on sale of property, plant and equipment	-	(17)	0.0%	(17)	(17)	0.0%	-
Gain on forgiveness of long term debt	-	-	0.0%	-	-	0.0%	-
Amortization of deferred investment tax credits	(19)	-	0.0%	(19)	0	1.4%	(19)
Provision for deferred income taxes	(388)	518	133.5%	130	412	146.1%	(282)
Equity component of AFUDC	(5)	(4)	80.0%	(9)	(9)	0.0%	-
Undistributed loss (earnings) in real estate partnerships	2	(132)	-6600.0%	(130)	(128)	-5833.4%	(2)
Special shareholder distribution	-	-	0.0%	-	-	0.0%	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable and unbilled revenue	(2,230)	1,871	-83.9%	(359)	1,217	77.2%	(1,576)
(Increase) decrease in income taxes payable	(37)	(38)	102.7%	(75)	(75)	0.0%	-
(Increase) decrease in materials and supplies	(21)	59	281.0%	38	(40)	-51.2%	78
(Increase) decrease in prepaid expenses	231	(243)	-105.2%	(12)	(566)	-102.2%	554
(Increase) decrease in deferred charges and other assets	(328)	340	-103.7%	12	(1,085)	-98.9%	1,097
Increase (decrease) in accounts payable and accrued expenses	(240)	(953)	-397.1%	(1,193)	2,758	69.8%	(3,951)
Increase (decrease) in other	501	(592)	-118.2%	(91)	1,547	94.4%	(1,638)
Net cash provided by (used in) operating activities	522	(1,299)	248.9%	(777)	2,866	78.7%	(3,643)
Investing activities:							
Purchases of property, plant and equipment, including debt component of AFUDC	(4,131)	(170)	-4.1%	(4,301)	7,063	62.2%	(11,364)
Proceeds from sales of property, plant and equipment	-	23	0.0%	23	23	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)	101	-531.6%	82	82	0.0%	-
Payments made in connection with merger related activities	-	-	0.0%	-	-	0.0%	-
Net cash provided by (used in) investing activities	(4,150)	(46)	-1.1%	(4,196)	7,168	63.1%	(11,364)
Financing activities:							
Advances (repayments) on line of credit	(3,462)	1,837	-53.1%	(1,625)	(4,026)	-167.7%	2,401
Payments on long term debt	(4,127)	(296)	-7.2%	(4,423)	3,553	44.5%	(7,976)
Contributions in aid of construction	81	(61)	-75.3%	20	20	0.0%	-
Proceeds from long-term borrowings	7,310	2,933	40.1%	10,243	(4,898)	-32.3%	15,141
Debt issuance costs	426	(108)	-25.4%	318	151	90.9%	167
Proceeds from issuance of common stock and dividend reinvestment plan	-	-	0.0%	-	-	0.0%	-
Dividends paid	(140)	-	0.0%	(140)	(3)	-2.4%	(137)
Net cash provided by (used in) financing activities	88	4,305	-4892.0%	4,393	(5,203)	-54.2%	9,596
Increase (decrease) in cash	(3,540)	2,960	83.6%	(580)	4,831	89.3%	(5,411)
Cash and cash equivalents at beginning of period	9,236	(896)	-9.7%	8,340	445	5.6%	7,895
Cash and cash equivalents at end of period	\$ 5,696	2,064	36.2%	\$ 7,760	5,277	212.5%	\$ 2,483