



## Middlesex Water Company Reports Second Quarter 2018 Financial Results

August 2, 2018

ISELIN, N.J., Aug. 02, 2018 (GLOBE NEWSWIRE) -- [Middlesex Water Company](#) (the "Company" or "Middlesex"), (Nasdaq:MSEX), a provider of water and wastewater and related services primarily in New Jersey and Delaware, today reported financial results for the quarter ended June 30, 2018.

### Second Quarter Operating Results

Consolidated net income for the second quarter 2018 increased \$3.3 million as compared to the same period in 2017. Basic and diluted earnings per share for the quarter ended June 30, 2018 were \$0.53 and \$0.52, respectively, up from \$0.33 for basic and diluted earnings per share for the same period in 2017.

Operating revenues for the quarter increased by \$1.9 million to \$34.9 million. \$1.6 million of the increase is due to the New Jersey Board of Public Utilities (NJBP) approved base rate increase which took effect April 1, 2018. Customer growth in our Delaware regulated water utility, Tidewater Utilities, Inc. ("Tidewater") also contributed to our higher revenues.

Operation and maintenance expenses for the second quarter were \$16.8 million, slightly below the same period in 2017.

Income Tax expense for the second quarter decreased \$2.2 million from the same period in 2017 due to the combined effect of NJBP-approved accounting treatment of the Company's required adoption of Internal Revenue Service (IRS) tangible property regulations, effective April 1, 2018, and a lower effective tax rate resulting from the Tax Cuts and Jobs Act of 2017. The impact of both tax items is fully reflected in the \$5.5 million increase in annual operating revenues approved by the NJBP effective April 1st.

Middlesex Chairman, President and Chief Executive Officer Dennis W. Doll said, "Meeting our customer's needs for a high quality, reliable, resilient and sustainable water supply is our paramount objective. We are appreciative of the timely decision from our New Jersey regulators for rate relief and remain focused on executing the many strategic components of our [Water for Tomorrow](#) capital program designed to fortify drinking water infrastructure for current and future generations of water customers," said Doll.

### Six Month Operating Results

Consolidated operating revenues for the six months ended June 30, 2018 were \$66.1 million, an increase of \$3.0 million from the same period in 2017, primarily due to the NJBP-approved base rate increase, higher commercial and industrial water usage in the Middlesex System and increased revenues in our Tidewater system due to customer growth. For the six months ended June 30, 2018, basic and diluted earnings per share were each \$0.80, as compared to \$0.60 and \$0.59 respectively for the same period in 2017.

Operation and maintenance expenses for the six months ended June 30, 2018 were higher by \$1.9 million compared to the same period in 2017 as winter weather in 2018 drove expenses up for water main breaks, water treatment and water purchased from third parties.

Income Tax expense for the six months ended June 30, 2018 decreased \$3.4 million from the same period in 2017, due to the NJBP-approved accounting treatment of the Company's adoption of IRS tangible property regulations, as well as a lower effective tax rate resulting from the Tax Cuts and Jobs Act of 2017.

### Quarterly Dividend Declared

The Company's Board of Directors declared a quarterly cash dividend of \$0.22375 per share, payable September 4, 2018 to common shareholders as of August 15, 2018. Middlesex has paid cash dividends continually since 1912 and has increased its annual dividend rate for 45 consecutive years. Information about Middlesex's [Direct Share Purchase and Sale and Dividend Reinvestment Plan](#) can be found on our website.

### About Middlesex Water Company

Middlesex Water Company, organized in 1897, is an investor-owned water and wastewater utility, serving customers in central and southern New Jersey, Delaware and Pennsylvania. For additional information regarding Middlesex Water Company or its Direct Share Purchase and Sale and Dividend Reinvestment Plan, visit <http://investors.middlesexwater.com> or call (732) 638-7549.

*This release contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, among others, our long-term strategy and expectations, the status of our acquisition program, the impact of our acquisitions, the impact of current and projected rate requests and the impact of our capital program on our environmental compliance. There are important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements including: general economic business conditions, unfavorable weather conditions, the success of certain cost containment initiatives, changes in regulations or regulatory treatment, availability and the cost of capital, the success of growth initiatives and other factors discussed in our filings with the Securities and Exchange Commission.*

### Contact:

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**MIDDLESEX WATER COMPANY**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**  
**(In thousands except per share amounts)**

|  | <b>Three Months Ended June 30,</b> |             | <b>Six Months Ended June 30,</b> |             |
|--|------------------------------------|-------------|----------------------------------|-------------|
|  | <b>2018</b>                        | <b>2017</b> | <b>2018</b>                      | <b>2017</b> |
| Operating Revenues                               | \$ 34,919                          | \$ 33,014   | \$ 66,096                        | \$ 63,145   |
| Operating Expenses:                              |                                    |             |                                  |             |
| Operations and Maintenance                       | 16,825                             | 16,856      | 34,659                           | 32,795      |
| Depreciation                                     | 3,736                              | 3,385       | 7,345                            | 6,693       |
| Other Taxes                                      | 3,637                              | 3,415       | 7,021                            | 6,724       |
| Total Operating Expenses                         | 24,198                             | 23,656      | 49,025                           | 46,212      |
| Operating Income                                 | 10,721                             | 9,358       | 17,071                           | 16,933      |
| Other Income (Expense):                          |                                    |             |                                  |             |
| Allowance for Funds Used During Construction     | 214                                | 180         | 381                              | 299         |
| Other Income (Expense), net                      | 571                                | 230         | 868                              | 436         |
| Total Other Income, net                          | 785                                | 410         | 1,249                            | 735         |
| Interest Charges                                 | 2,068                              | 1,469       | 3,206                            | 2,472       |
| Income before Income Taxes                       | 9,438                              | 8,299       | 15,114                           | 15,196      |
| Income Taxes                                     | 763                                | 2,918       | 1,945                            | 5,374       |
| Net Income                                       | 8,675                              | 5,381       | 13,169                           | 9,822       |
| Preferred Stock Dividend Requirements            | 36                                 | 36          | 72                               | 72          |
| Earnings Applicable to Common Stock              | \$ 8,639                           | \$ 5,345    | \$ 13,097                        | \$ 9,750    |
| Earnings per share of Common Stock:              |                                    |             |                                  |             |
| Basic  | \$ 0.53                            | \$ 0.33     | \$ 0.80                          | \$ 0.60     |
| Diluted  | \$ 0.52                            | \$ 0.33     | \$ 0.80                          | \$ 0.59     |
| Average Number of<br>Common Shares Outstanding : |                                    |             |                                  |             |
| Basic  | 16,388                             | 16,332      | 16,371                           | 16,316      |
| Diluted  | 16,544                             | 16,488      | 16,527                           | 16,472      |
| Cash Dividends Paid per Common Share             | \$ 0.2238                          | \$ 0.2113   | \$ 0.4475                        | \$ 0.4225   |



Source: Middlesex Water Company