



Unitil Corporation Earnings Conference Call

First Quarter 2018

Financial and Other Information – April 26, 2018

Safe Harbor Provision

This presentation contains “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding Unitil Corporation’s (“Unitil”) financial condition, results of operations, capital expenditures, business strategy, regulatory strategy, market opportunities, and other plans and objectives. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue”, the negative of such terms, or other comparable terminology.

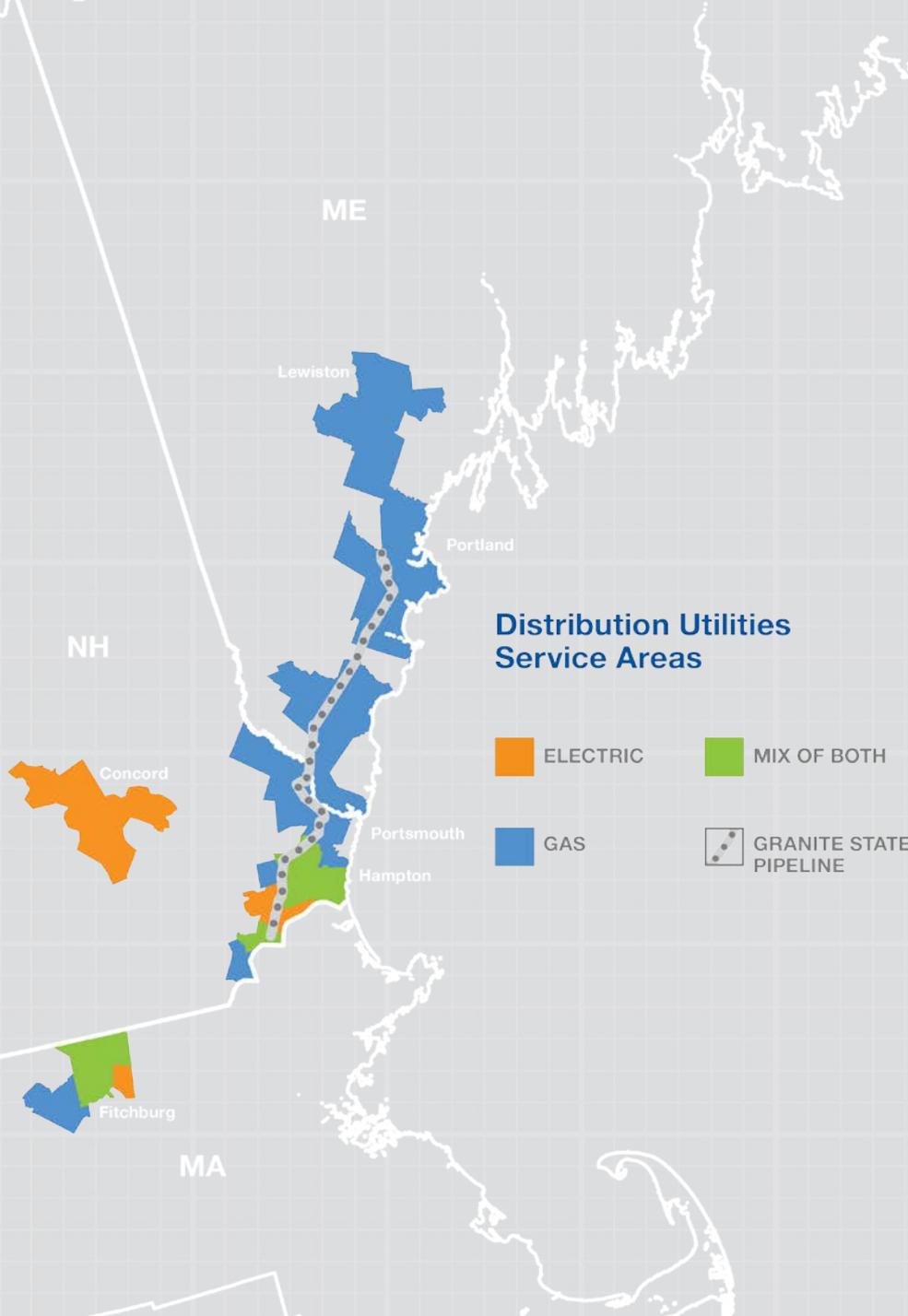
These forward-looking statements are neither promises nor guarantees, but involve risks and uncertainties that could cause the actual results to differ materially from those set forth in the forward-looking statements. Those risks and uncertainties include: Unitil’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and Unitil’s ability to recover energy commodity costs in its rates; customers’ preferred energy sources; severe storms and Unitil’s ability to recover storm costs in its rates; general economic conditions; changes in taxation; variations in weather; long-term global climate change; catastrophic events; numerous hazards and operating risks relating to Unitil’s electric and natural gas distribution activities; Unitil’s ability to retain its existing customers and attract new customers; Unitil’s energy brokering customers’ performance and energy used under multi-year energy brokering contracts; increased competition; integrity and security of operational and information systems; publicity and reputational risks; and other risks detailed in Unitil’s filings with the Securities and Exchange Commission, including those appearing under the caption “Risk Factors” in Unitil’s Annual Report on Form 10-K for the year ended December 31, 2017.

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About Unital

Our mission is to provide energy for life—safely, reliably, cost-effectively and responsibly—to a growing number of customers with a high-performing workforce

- Unital Corporation is a public utility holding company engaged in the local distribution of natural gas and electricity to residential, commercial and industrial customers throughout its service areas
 - Attractive and diverse service areas
- Regulated utility operations span three different jurisdictions across the states of New Hampshire, Massachusetts and Maine, in addition to FERC
 - 186,300 total utility customers, including 105,000 electric and 81,300 natural gas customers
- Additionally, provides non-regulated energy brokering and advisory services to a national client base of large commercial and industrial customers through Usource



Q1 2018 Financial Results

- First quarter 2018 Net Income of \$15.6 million, or \$1.06 per share
 - Increase of \$3.2 million, or \$0.18 per share, compared to 2017
- Increased earnings in the first quarter of 2018 were driven by higher natural gas and electric sales margins, reflecting: customer growth, colder winter weather, and new distribution rates compared to the first quarter of 2017

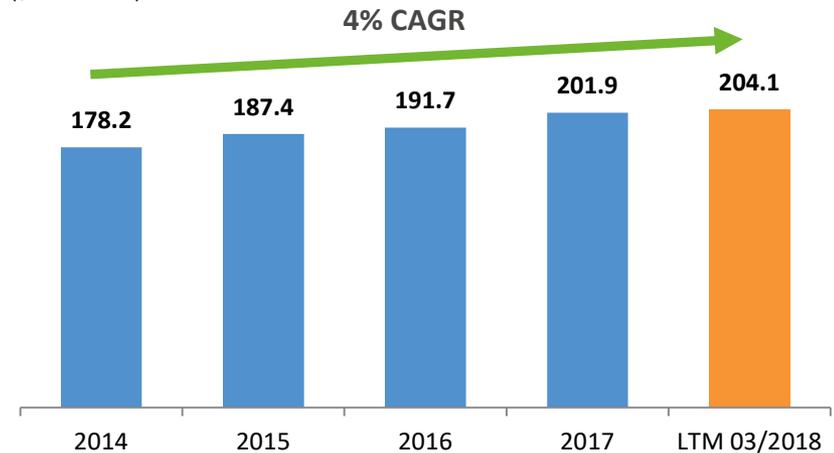
	Three Months Ended March 31,	
(in millions excluding EPS)	<u>2018</u>	<u>2017</u>
Net Income	\$15.6	\$12.4
Earnings Per Share	\$1.06	\$0.88

Recent Highlights

- Generating record earnings and serving record levels of customers
- Continue to focus on superior operational performance to ensure the safe and reliable delivery of natural gas and electricity
 - Exceeding all service quality metrics for safety, reliability, and customer service
- Robust capital spending
 - Gas expansion and infrastructure replacement
 - Electric reliability, capacity enhancement and substation investments
 - New customer information system
- Successfully executing on regulatory strategy achieving an ROE of 9.9%
 - Completed two base rate cases for Northern Utilities in Maine and New Hampshire

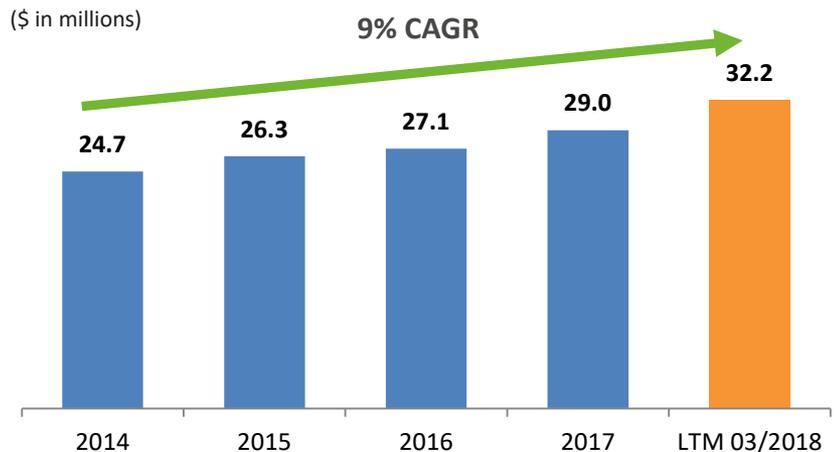
Gas & Electric Sales Margin

(\$ in millions)



Net Income

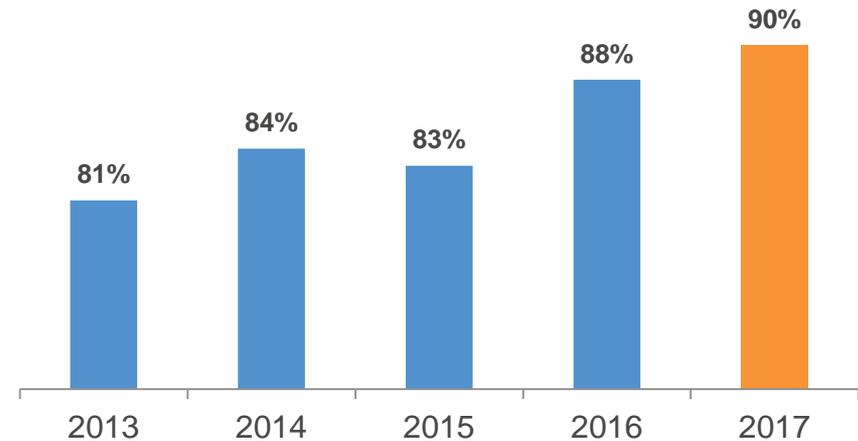
(\$ in millions)



Exceeding Customer Expectations

- 90% of Unitil customers report being satisfied with their service
 - Ranked #1 in New England for reliable service, being responsive to customer needs, and being a company customers can trust
- Successfully implemented state of the art Customer Information System (“CIS”)
 - Modernized billing system and enhanced emphasis on digital communications
 - Improved customer communication channels to provide for dynamic rate design and storm response capabilities
- Awarded New Hampshire Red Cross Corporate Hero Award in honor of the Company’s commitment to stronger, safer communities

Customer Satisfaction



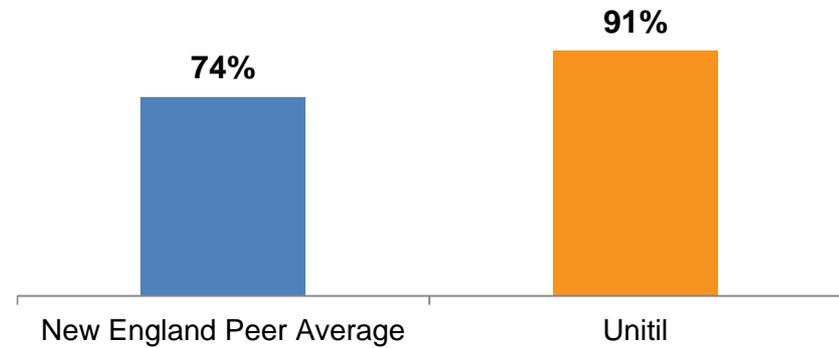
CIS – Modern and Digital Communications



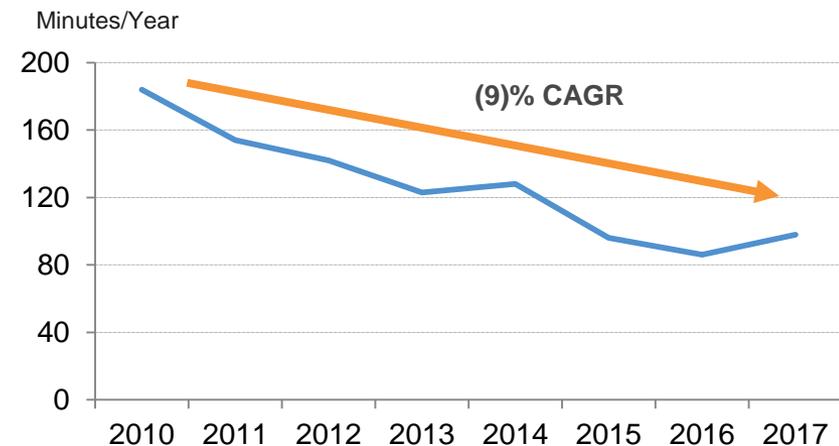
Operational Excellence

- Best in class gas emergency response and safety programs
 - 2017 Northeast Gas Association Excellence in Health & Safety Award
 - Gas emergency response time of >99% to natural gas odor calls, exceeding regulatory standards
 - On going cast iron replacement programs leading the region at 91% modernized
- Excellent electric system reliability performance
 - System Average Interruption Duration Index below 100 minutes for three consecutive years
- Continued strong performance recovering from major storms
 - Awarded Edison Electric Institute's 2017 Mutual Aid Assistance award for response to Hurricane Irma
 - Industry-leading vegetation management programs

Modernization Progress - Unitil Gas System vs. New England Peers⁽¹⁾



Average Minutes of Interruption Experienced by Customers

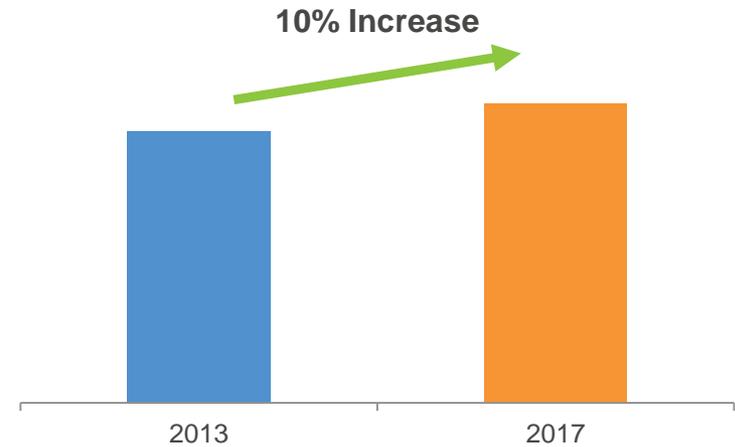


(1) Chart reflects percentage of modern plastic and cathodically-protected steel distribution mains divided by system total mains. Peer average consists of publicly disclosed mileage information from companies operating in Massachusetts, New Hampshire and Maine

Strong Growth

- Gas growth investments including on-the-main growth opportunities, system expansion projects, Targeted Area Buildout (TAB) program and infrastructure replacement
 - 60% on the main penetration providing thousands of potential low cost customer conversions
 - Installed approximately 100 miles of new distribution mains since 2013 contributing to an increase in weather normalized sales of 10%
 - Two TAB programs currently in place targeting entire towns with the potential to add 3,000 customers
- Grid Modernization policy initiatives in MA and NH support new investment in the electric distribution system
 - 10 year preliminary planned spending of \$24 million in MA
 - NH Plan under development

Weather-Normalized Therm Sales⁽¹⁾



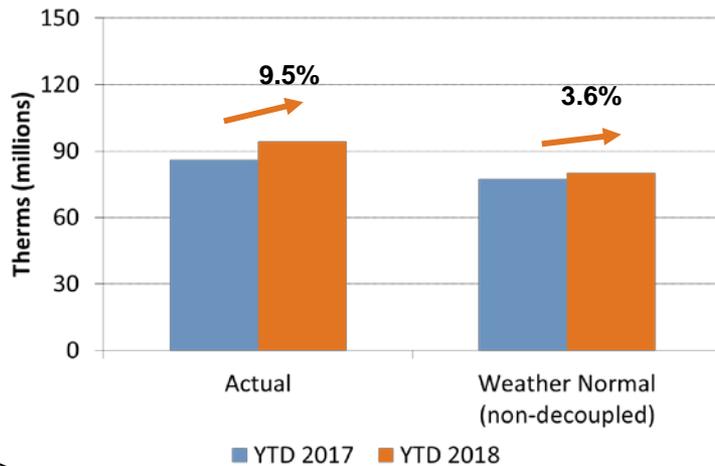
Grid Modernization Initiatives



(1) Excludes decoupled gas sales

Gas Units Sales & Margin

Natural Gas Unit Sales



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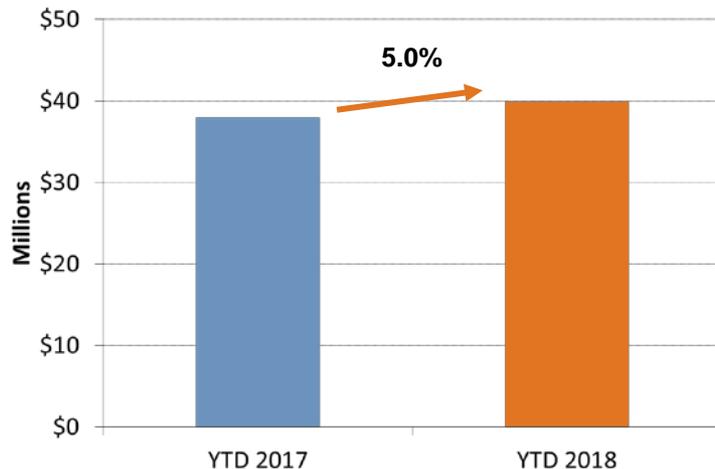


Key Performance Drivers

Unit Sales up 9.5%

- Growth in residential / C&I customers – ~1,500 in the last twelve months
- 10% more Heating Degree Days compared to 2017

Natural Gas Sales Margin



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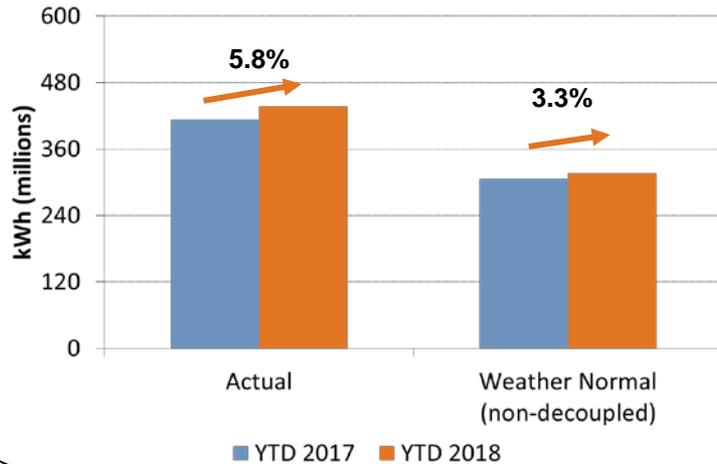
Key Performance Drivers

Sales Margin up \$1.9 million

- \$1.8 million increase due to colder weather and customer growth
- \$1.6 million increase due to higher natural gas distribution rates, offset by lower revenue of \$1.5 million to account for the reduction in rates due to the lower corporate income tax rate of 21% under the Tax Cuts and Jobs Act of 2017 (TCJA)

Electric Units Sales & Margins

Electric Unit Sales



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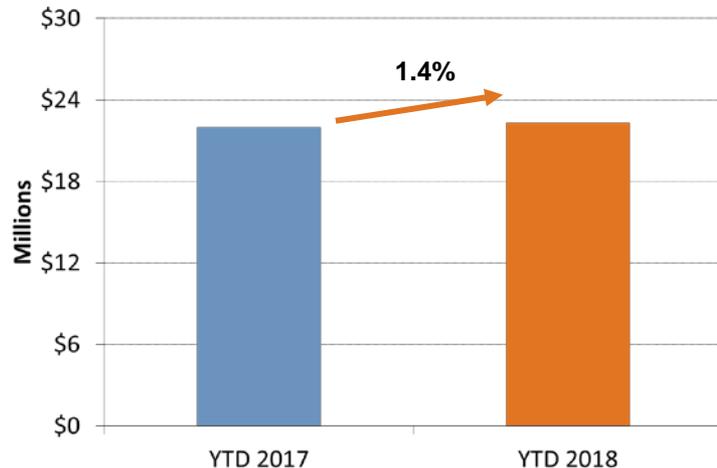


Key Performance Drivers

Unit Sales up 5.8%

- Sales to residential customers increased 7.0% compared to 2017
- Growth in residential / C&I customers up ~500 in the last twelve months

Electric Sales Margin



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Key Performance Drivers

Sales Margin up \$0.3 million

- \$0.2 million favorable impact due to colder weather and customer growth
- \$0.9 million favorable impact from higher electric distribution rates, offset by lower revenue of \$0.8 million to account for the reduction in rates due to the lower corporate income tax rate of 21% under the TCJA

YTD Variance: 2018 vs 2017

- Net Income up \$3.2 million or 26%
- Gas margin up \$3.4 million or 9%, before the impact of the TCJA
- Electric margin up \$1.1 million or 5%, before the impact of the TCJA
- TCJA resulted in revenue reductions of \$2.3 million (\$1.5 million in gas, \$0.8 million in electric) which is also reflected in a lower provision for income taxes
- O&M up \$1.3 million; reflecting higher compensation and benefits expense, bad debt expense, and utility operating costs
- D&A down \$0.2 million reflecting lower amortization of deferred storm costs, partially offset by higher utility plant in service
- Taxes Other Than Income Taxes by \$0.3 million reflecting higher utility plant in service
- Interest Expense, net was essentially unchanged
- Income Taxes decreased \$2.9 million consisting of \$2.3 million due to the lower income tax rate and \$0.6 million due to the current tax benefit related to book/tax items not previously in utility rates

Variance Analysis

(\$ in millions)



2018 Regulatory Activity

Subsidiary Q1 2018 Return on Equity – Authorized ROE Range of 9.5%-9.8%

Company	Average Common Equity	03/18 LTM ROE ⁽¹⁾	Rate Cases / Capital Trackers/ TCJA Activity		Date Effective
Northern Utilities (New Hampshire) ⁽²⁾	\$179.0	8.7%	Rate Case (NH)	\$2.6 mm	08/01/2017
Northern Utilities (Maine) ⁽²⁾			Capital Tracker (NH)	\$2.3 mm	05/01/2018
			TCJA	(\$1.7) mm	01/01/2018
			Rate Case (ME)	\$2.1 mm	03/01/2018
			Capital Tracker (ME)	\$1.1 mm	05/01/2018
			TCJA	(\$2.2) mm	03/01/2018
Unitil Energy ⁽³⁾	\$79.7	11.1%	Capital Tracker	\$1.9 mm	05/01/2018
			TCJA	(\$2.2) mm	01/01/2018
Fitchburg (Electric) ⁽⁴⁾	\$76.8	8.1%	Capital Tracker (Electric)	\$0.4 mm	01/01/2018
			Solar Capital Tracker	\$0.3 mm	06/01/2018
			TCJA	(\$0.8) mm	01/01/2018
Fitchburg (Gas) ⁽⁵⁾			Capital Tracker (Gas)	\$0.9 mm	05/01/2018
			TCJA	(\$0.8) mm	01/01/2018
Granite State	\$13.7	9.4%	Settlement Pending		TBD
Unitil Corporation	\$325.0	9.9%			

(1) ROE calculated by dividing last twelve months GAAP Net Income by Average Common Equity

(2) NH Commission approval of settlement agreement is pending. Maine Commission issued final order for the rate case, order is pending for capital tracker

(3) Capital tracker and TCJA filing pending Commission approval

(4) Capital tracker approved, solar tracker pending approval, TCJA represents estimate to be filed with the Department of Public Utilities

(5) Gas capital tracker pending approval and TCJA represents estimate to be filed with the Department of Public Utilities

Key Investment Highlights

- Regulated local distribution utility business model
- Growing service areas and customer base
- Diversified natural gas and electric operations
- Dividend strength
- Experienced management team

