



Second Quarter 2019 **EARNINGS CONFERENCE CALL**

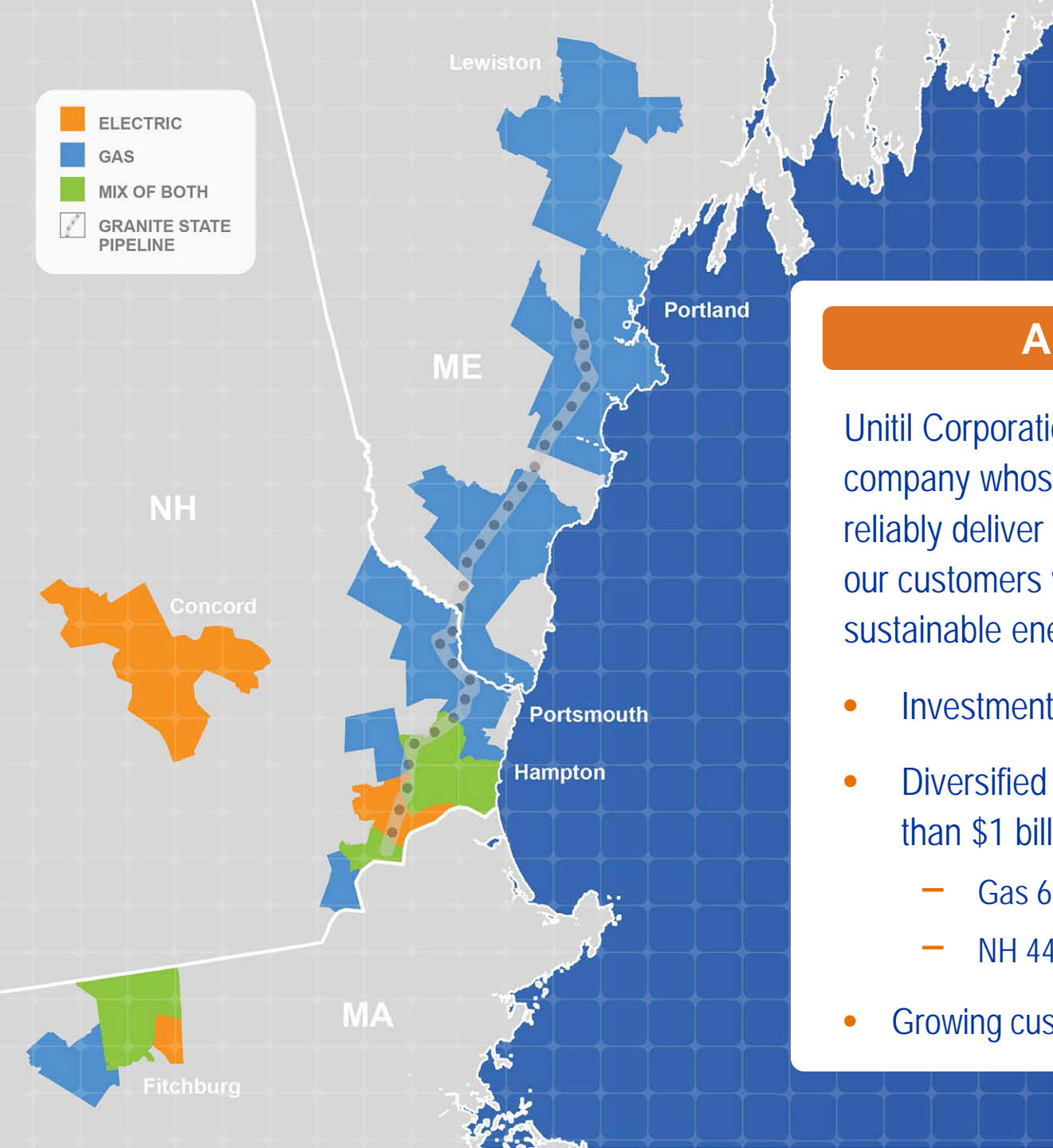
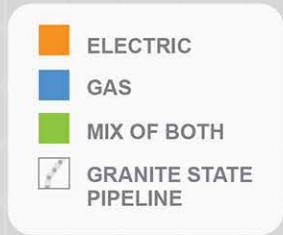
Financial and Other Information | July 25, 2019

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, 2018.

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About Unitil

Unitil Corporation is a public utility holding company whose mission is to safely and reliably deliver **energy** for life and provide our customers with affordable and sustainable energy solutions

- Investment grade utility
- Diversified Net Utility Plant of more than \$1 billion
 - Gas 65%, Electric 35%
 - NH 44%, ME 31%, MA 25%
- Growing customer base

Q2 2019 FINANCIAL RESULTS

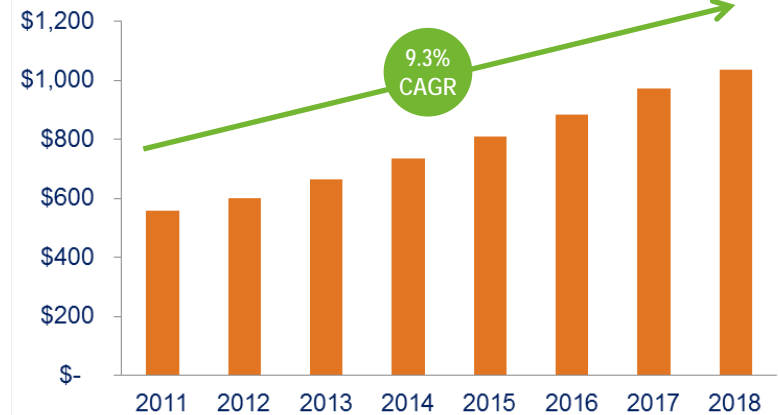
- Second quarter 2019 Net Income of \$4.0 million, or \$0.27 per share
 - Increase of \$0.4 million compared to 2018 an increase of 11.1% or \$0.03 per share
- In Q1 the Company recognized a one-time net gain of \$9.8 million, or \$0.66 in EPS, on the divestiture of its non-regulated business subsidiary, Usource
 - Excluding the one-time gain, income was higher by \$1.5 million an increase of 7.8% or \$0.09 per share compared to the first six months of 2018
 - Usource had historically contributed \$0.02 to \$0.03 per share to earnings each quarter

	Three Months Ended June 30,		Six Months Ended June 30,	
(millions excluding EPS)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Income	\$4.0	\$3.6	\$30.5	\$19.2
Earnings Per Share	\$0.27	\$0.24	\$2.05	\$1.30

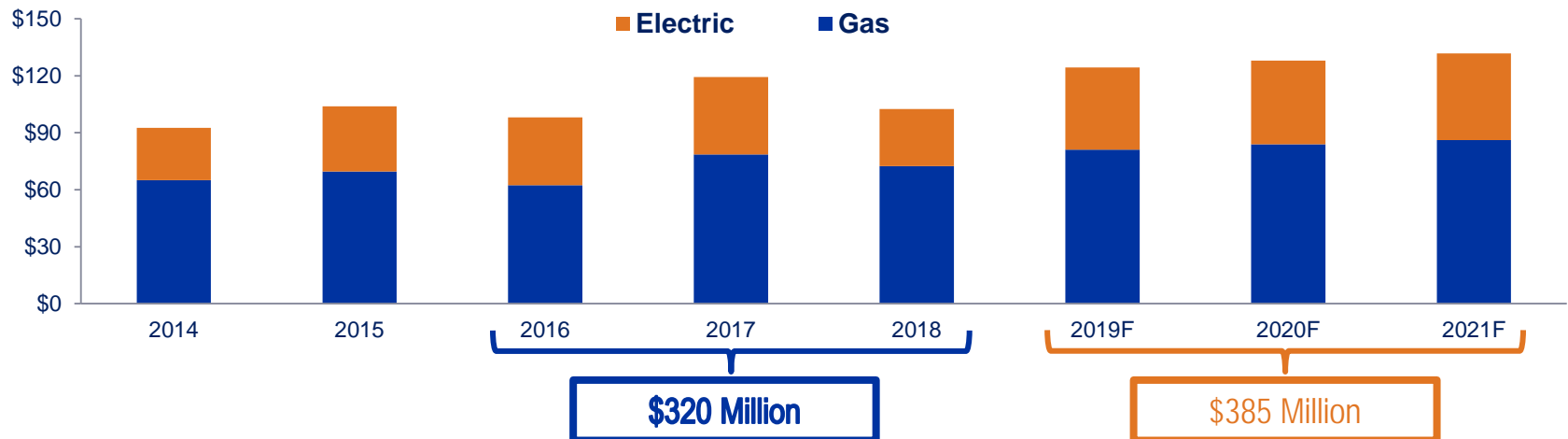
INVESTMENT OPPORTUNITIES

- Increased capital spending program to support gas growth and distribution system modernization
- 20% more capital spending in 2019-2021 than compared to the prior three years
 - Forecasted investment should maintain strong net plant growth

Historical Net Plant Growth

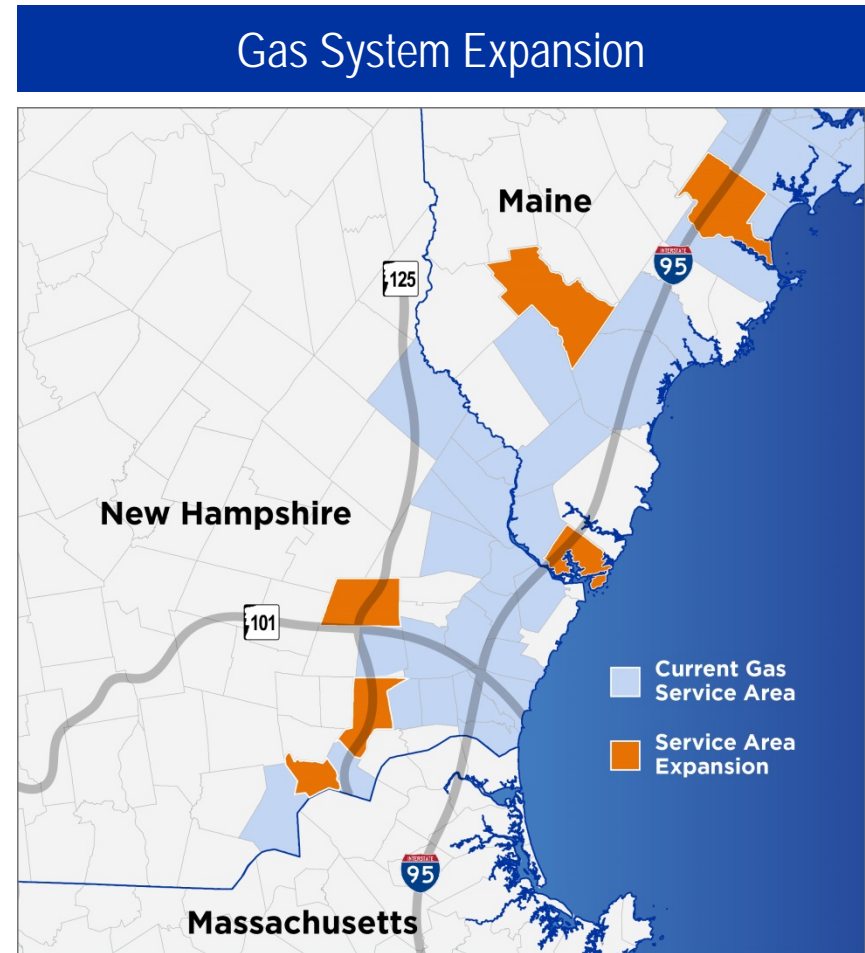


Historic and Forecasted Capital Spending



EXPANSION OPPORTUNITIES

- NH gas franchise expansions
 - Construction planned or underway in three new franchise towns
- Target Area Buildout (TAB) progress
 - Saco, ME – Initial 3-year build-out complete; exceeded targeted customer additions
 - Sanford, ME – First year of build-out completed with installation of ~7 miles of new mains in the city's downtown
- Installed approximately 100 miles of new gas mains in the past 5 years

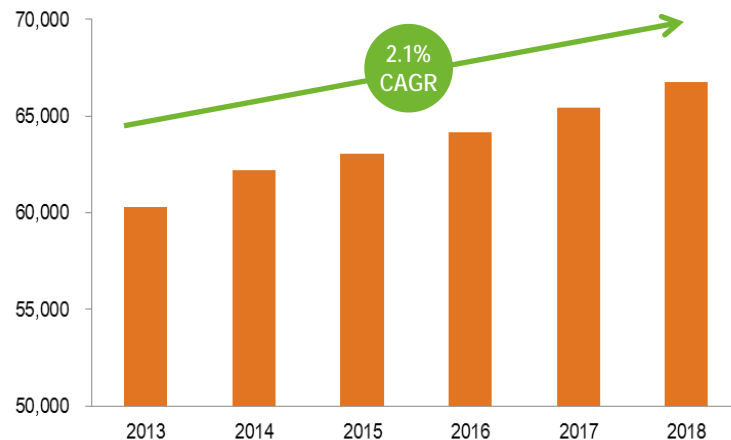


GAS CUSTOMER GROWTH

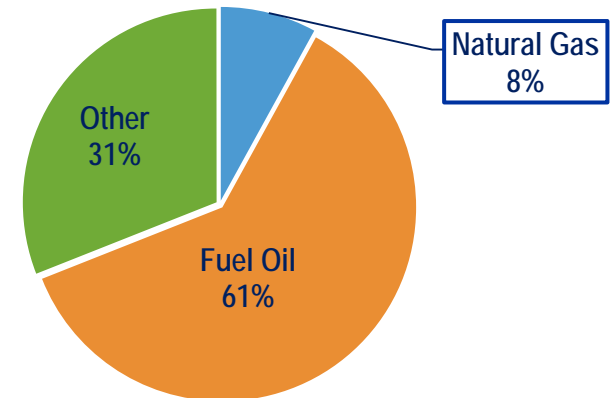
Natural Gas Opportunity

- Cleaner and more affordable than fuel oil
- Residential customer can save ~\$400 per year (23%) by converting from oil to gas
- Natural gas emits 27% less carbon than #2 fuel oil when used for heating
- Low on-the-main penetration rate of 62%

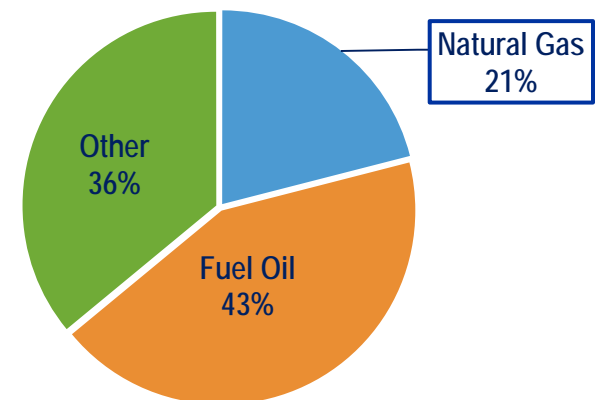
Gas Customer Growth (NH & ME)



Fuel Used For Home Heating (ME)



Fuel Used For Home Heating (NH)



GAS YTD SALES & MARGIN

Unit Sales



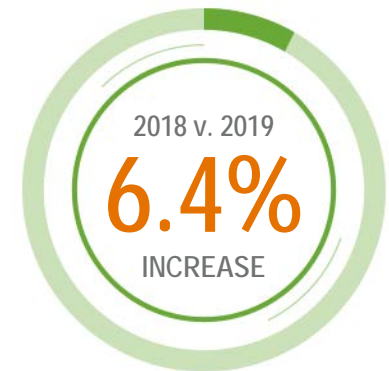
Weather Normal Unit Sales*



Customers



Margin



↑ Unit Sales up 2.2%

- Increase in unit sales reflects 1,455 higher natural gas customers served compared to prior year

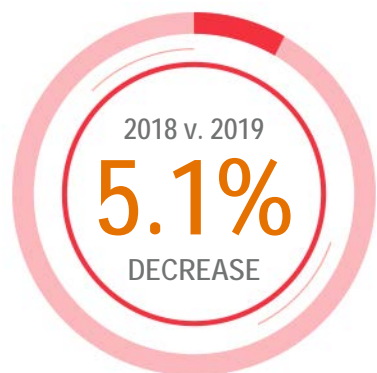
↑ Sales Margin up \$4.0 million

- \$3.8 million increase due to higher natural gas distribution rates
- \$1.4 million increase due to customer growth
- Partially offset by the absence of a \$1.2 million non-recurring adjustment in Q2 2018 in connection with the NH base rate case

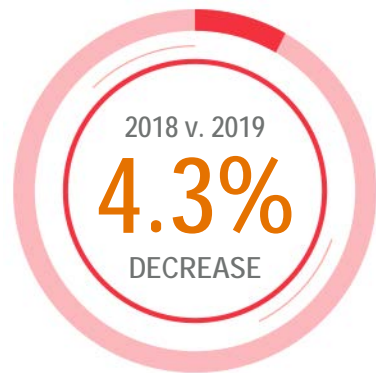
*Weather normal sales excludes decoupled sales units

ELECTRIC YTD SALES & MARGIN

Unit Sales



Weather Normal Unit Sales*



Customers



Margin



↓ Unit Sales down 4.3%

- Decrease reflects lower average usage overall, slightly offset by higher customer count

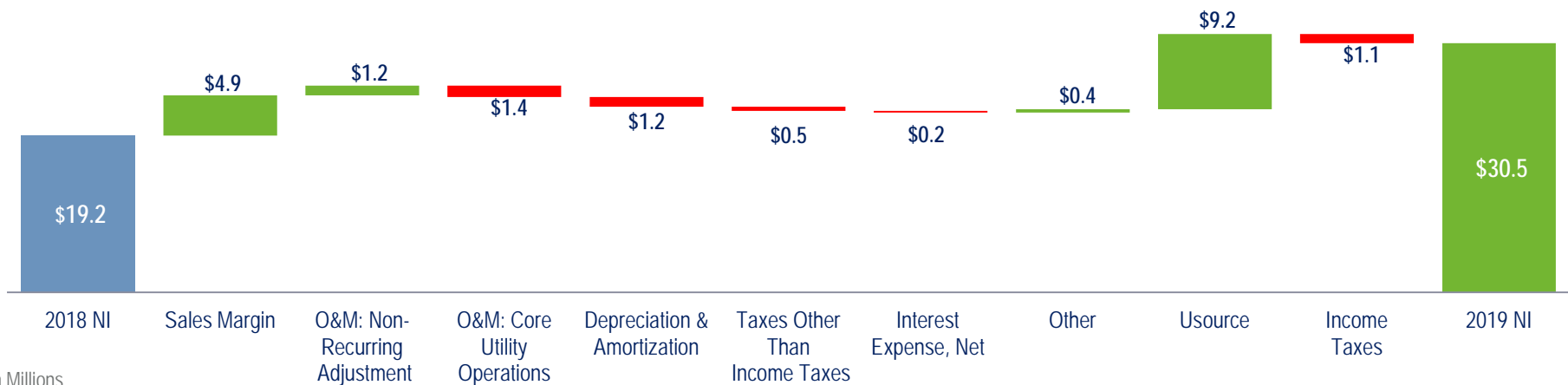
↑ Sales Margin up \$0.9 million

- \$1.4 million increase due to higher distribution rates
- \$0.5 million decrease due to lower kWh sales

*Weather normal sales excludes decoupled sales units

YTD EARNINGS VARIANCE: 2019 VS 2018

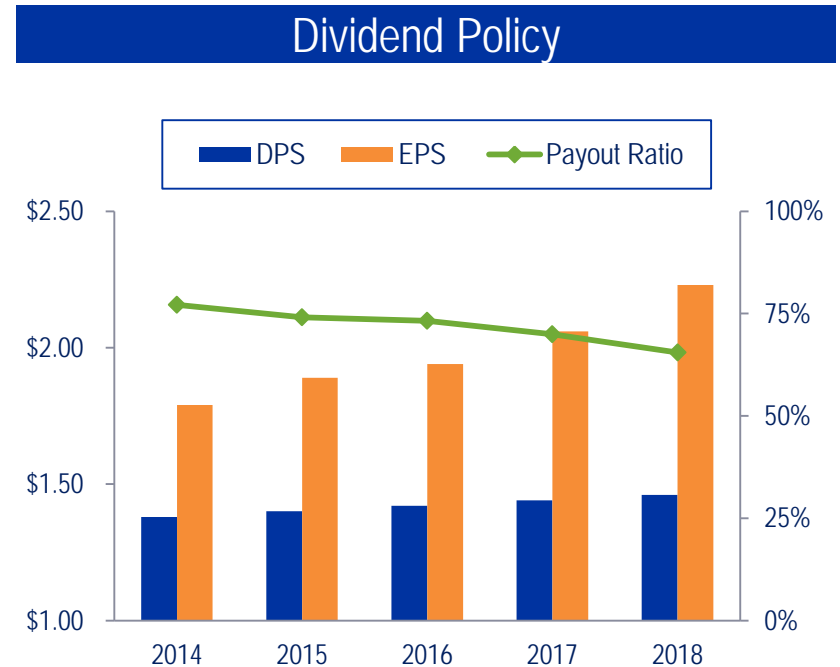
- O&M (Excluding Usource) increased \$0.2 million
 - Excluding a \$1.2 million non-recurring 2018 increase in expense, core utility O&M expense increased \$1.4 million
- Taxes Other Than Income Taxes increased as a result of higher property tax rates and higher net utility plant, slightly offset by property tax abatements in NH
- Usource net impact of \$9.2 million
 - Includes the after-tax divestiture gain of \$9.8 million, as well as \$0.9 million of discontinued O&M expense, slightly offset by \$1.5 million reduction of Usource revenue
- Other Expense is down \$0.4 million as a result of declining retirement benefit costs
- Depreciation & Amortization, Interest Expense, and Income Taxes all trended higher due to higher utility plant, higher borrowings, and higher pre-tax earnings



\$s in Millions

FINANCIAL STRENGTH

- Declining payout ratio – down from 77% to 66% over the last 5 years – while also increasing the annual dividend each year
 - Plowing back more earnings will support the accelerated investment program
- Investment grade utility with a balanced capitalization structure of approximately 50% debt and 50% equity



DPS

\$1.48/share
(annual)

Payout

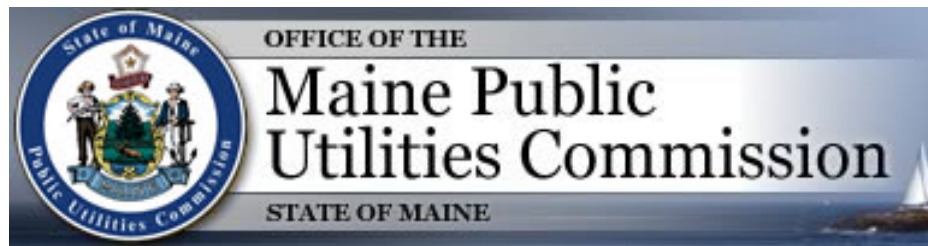
Target
55%-65%



Increases in line with
EPS growth & Payout

Northern Utilities (ME) Rate Case

- Northern Utilities (ME only) filed a gas base rate case with the Maine PUC in June 2019 with a revenue deficiency request of \$7.0 million, a 10.5% ROE and accompanying equity ratio of 52.9%
 - Equity ratio incorporates an equity infusion of proceeds from the Usource divestiture as well as other Corporate funds
- Filing also includes the request for an alternative rate mechanism called the Capital Investment Recovery Adjustment for a period of three years for recovery of non-growth investments
- Final order and new rates expected in Q2 2020



REGULATORY ACTIVITY

- Recent order from MA DPU doubles limit on annual cash recovery of gas infrastructure replacement investments in Massachusetts
- The MA DPU recently allowed Fitchburg to receive remuneration and recover associated administrative costs for its Long-Term Contracts for Qualified Clean Energy Projects
 - One contract will materially impact the balance sheet of Fitchburg once they qualify for derivative accounting
- Received Regulatory approval to issue \$40 million of 30 year notes with a coupon rate of 4.04% for Northern Utilities; funding is expected in Q3 2019



2019 Rate Relief Summary

Company	Activity	Dollars (in Millions)	Date Effective
Northern Utilities (New Hampshire)	2018 Rate Relief (Net of TCJA) Capital Tracker - 2019	\$0.6 \$1.4	Q1/Q2 2018 Q2 2019
Northern Utilities (Maine)	2018 Rate Relief (Net of TCJA) Capital Tracker – 2019	\$1.0 \$1.0	Q1/Q2 2018 Q2 2019
Unitil Energy	2018 Rate Relief (Net of TCJA) Capital Tracker – 2019	(\$0.3) \$0.3	Q1/Q2 2018 Q2 2019
Fitchburg (Electric)	2018 Rate Relief (Net of TCJA) Electric Capital Tracker – 2019	(\$0.1) \$0.9	Q1/Q2 2018 Q2 2019
Fitchburg (Gas)	2018 Rate Relief (Net of TCJA) Gas Capital Tracker – 2019	\$0.1 \$1.0	Q1/Q2 2018 Q2 2019
Granite State	2018 Rate Relief (Net of TCJA)	\$0.0	Q2 2018

Over \$4 million in 2019 rate relief planned outside of rate cases

Q2 2019 RETURN ON EQUITY

Company	Average Common Equity	6/19 LTM ROE ⁽¹⁾
Northern Utilities (New Hampshire)	\$211.3	8.2%
Northern Utilities (Maine)		
Unitil Energy	\$82.7	10.1%
Fitchburg (Electric)	\$82.3	5.4%
Fitchburg (Gas)		
Granite State	\$14.3	10.1%
Unitil Corporation	\$359.9	12.3%

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

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

