



Unitil Corporation Earnings Conference Call

Third Quarter 2018

Financial and Other Information – October 25, 2018

Safe Harbor Provision

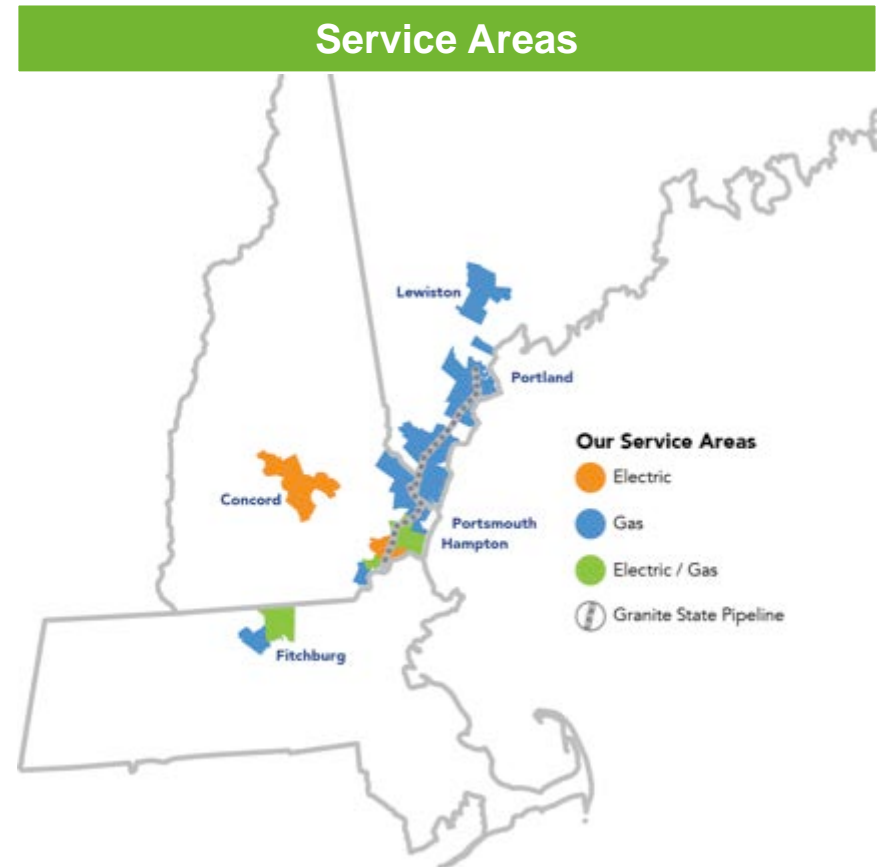
This presentation contains “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding Unitil Corporation’s (“Unitil”) financial condition, results of operations, capital 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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Unitil Overview

- Natural gas and electric distribution utility with **operations in three states** serving ~186,300 customers
 - Electric: ~105,000 customers
 - Gas: ~81,300 customers
- **Growing** operations and customer base
 - Robust natural gas system expansion
 - Electric and gas system modernization
 - 500+ full-time employees with dual storm roles
- We provide **energy for life**, safely and reliably delivering natural gas and electricity in New England



Q3 2018 Financial Results

- Third quarter 2018 Net Income of \$2.8 million, or \$0.19 per share
 - Increase of \$0.5 million, or \$0.03 per share, compared to 2017
- Year-to-date 2018 Net Income of \$22.0 million, or \$1.49 per share
 - Increase of \$4.2 million, or \$0.22 per share, compared to 2017
- Increased earnings in 2018 were driven by higher sales margin, reflecting: customer growth, colder winter weather, warmer summer weather, and new distribution rates compared to 2017

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in millions excluding EPS)	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net Income	\$2.8	\$2.3	\$22.0	\$17.8
Earnings Per Share	\$0.19	\$0.16	\$1.49	\$1.27

Service Area Highlights

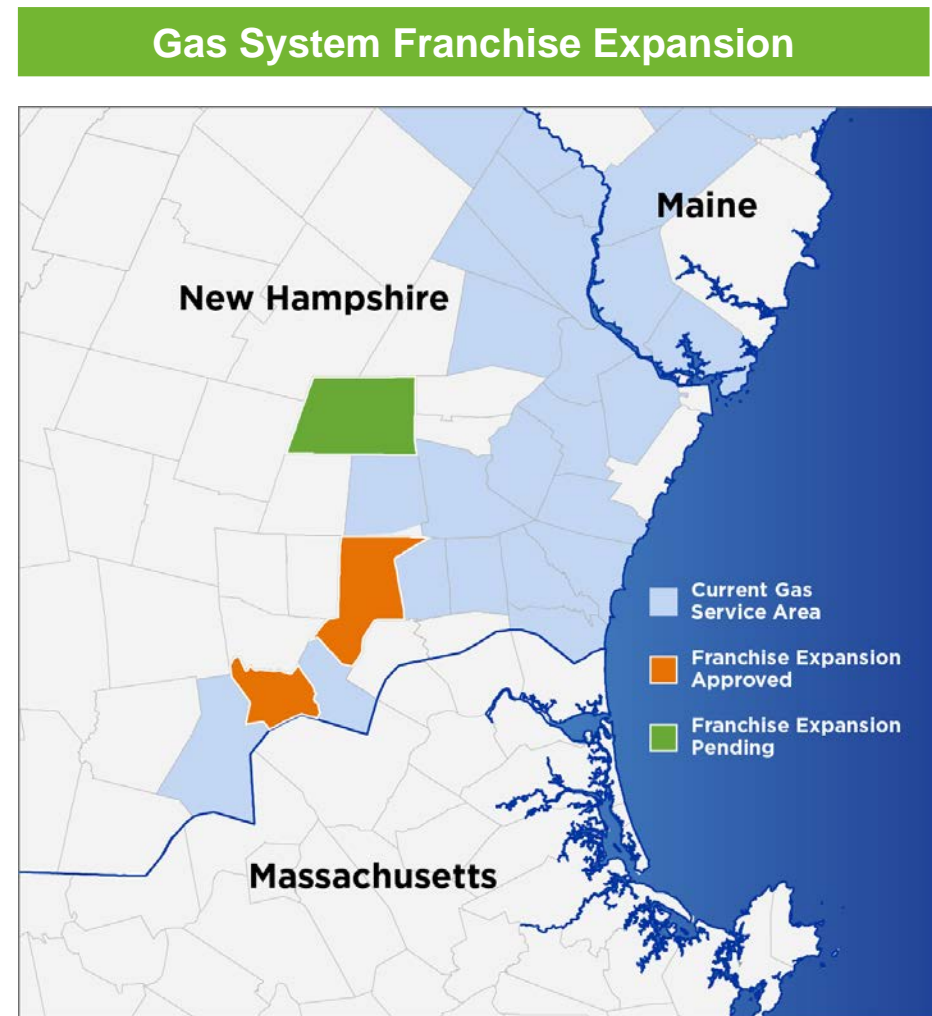
- **Portland & Southern Maine**
 - Over 1,000 housing units in/or awaiting construction in the city of Portland, increasing the amount of households by 3%
 - Portland is the largest city north of Boston and generates over half of the total gross state product
 - \$3.4 billion of new construction
- **Portsmouth and Seacoast NH**
 - NH's fastest growing area and is a cultural hub located evenly between Boston and Portland
 - \$1.7 billion of new construction
- **Concord & Capital Region NH**
 - Stable government-driven economy and regional spending
 - Over \$0.4 billion of new construction
- **Salem NH**
 - Attractive tax environment spawning influx of MA residents
 - Over \$1.1 billion of new construction
- **Central Massachusetts**
 - Fitchburg area is revitalizing and becoming a bedroom community for Boston commuters
 - More than \$200 million of new construction



Over \$6.8 billion of new construction within existing service areas

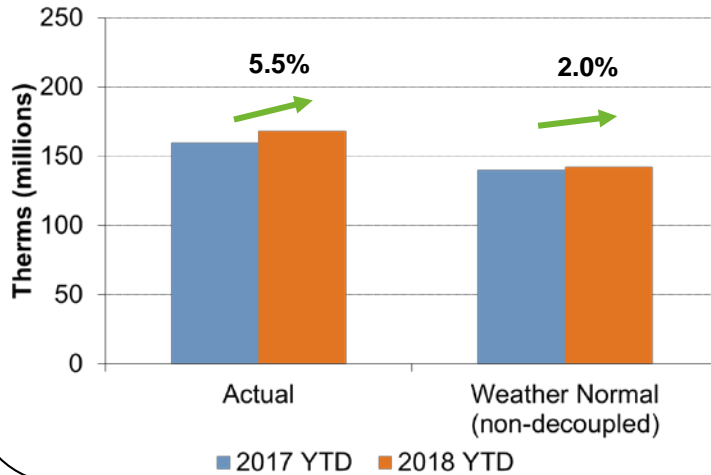
Third Quarter Highlights - Gas Expansion

- Customer contracts up 25% compared to prior year
 - Driven by price advantage compared to fuel oil of up to 65%
- Target Area Buildout (TAB) progress
 - Saco, ME – Initial 3-year build-out nearly complete and on track to meet 100% of targeted customer additions
 - Sanford, ME – First year of build-out underway with installation of ~7 miles of new mains in the city's downtown
- NH gas franchise expansions
 - Recent regulatory approval issued for natural gas franchise expansion in two towns
 - Additional franchise approval is pending



Gas Units Sales & Margin

Natural Gas Unit Sales



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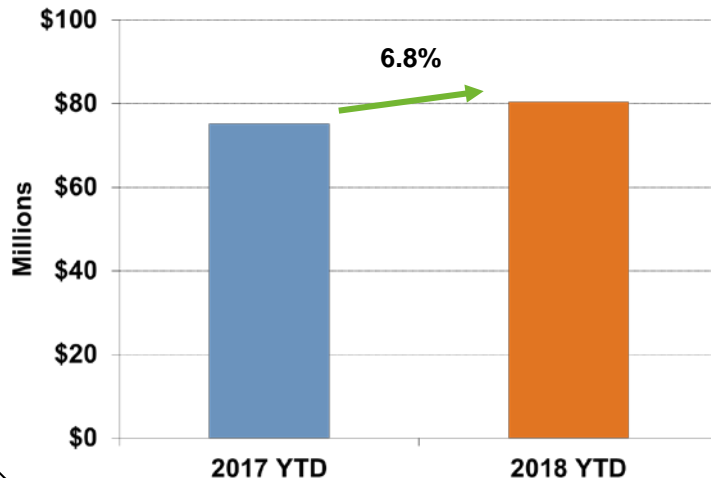


Key Performance Drivers

Unit Sales up 5.5%

- Growth in residential / C&I customers – ~1,200 in the last twelve months
- 9% more Heating Degree Days compared to 2017
- Weather normalized sales up 2.0%

Natural Gas Sales Margin



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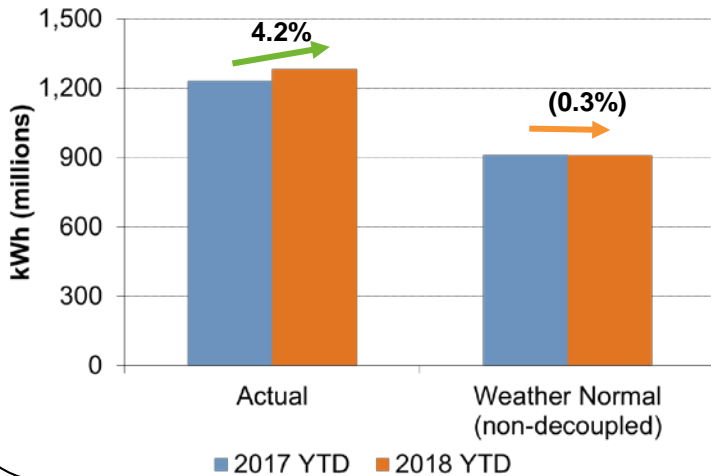
Key Performance Drivers

Sales Margin up \$5.1 million

- \$2.1 million increase due to colder weather and customer growth
- \$5.9 million increase due to higher natural gas distribution rates, offset by lower revenue of \$2.9 million to account for the reduction in rates due to the lower corporate income tax rate of 21% under the TCJA

Electric Units Sales & Margins

Electric Unit Sales



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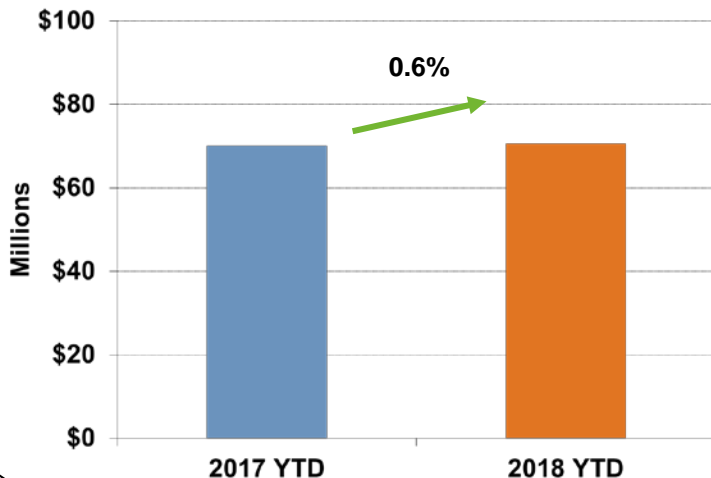


Key Performance Drivers

Unit Sales up 4.2%

- Growth in residential / C&I customers up ~575 in the last twelve months
- There were 49% more Cooling Degree Days (CDD) in the third quarter of 2018 compared to 2017

Electric Sales Margin



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Key Performance Drivers

Sales Margin up \$0.4 million

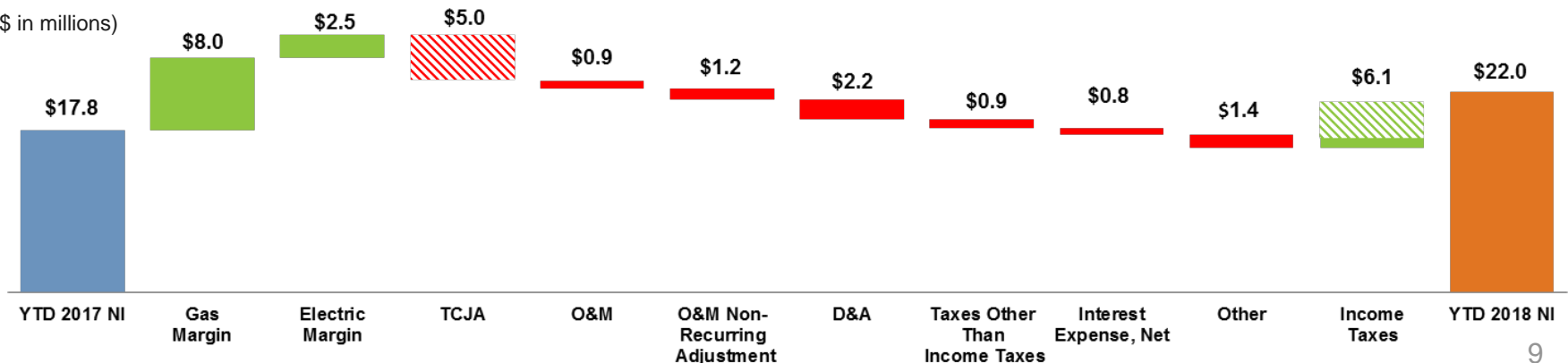
- \$1.4 million favorable impact due to colder weather and customer growth
- \$2.5 million favorable impact from higher electric distribution rates, offset by lower revenue of \$2.1 million to account for the reduction in rates due to lower tax rate of 21% under the TCJA and a \$1.4 million non-recurring adjustment in 2017 to reconcile temp rates

YTD Variance: 2018 vs 2017

- Net Income up \$4.2 million or 24%
- Gas margin up \$8.0 million or 11%, before the impact of the TCJA
- Electric margin up \$2.5 million or 4%, before the impact of the TCJA
- TCJA resulted in revenue reductions of \$5.0 million (\$2.9 million in gas, \$2.1 million in electric) which is also reflected in a lower provision for income taxes
- O&M up \$0.9 million excluding \$1.2 million concurrent non-recurring adjustment. Reflects higher labor costs and higher utility operating costs, offset by lower professional fees
- D&A increase of \$2.2 million reflecting higher utility plant in service and higher amortization of technology costs, partially offset by lower amortization of deferred major storm costs
- Taxes Other Than Income Taxes increase of \$0.9 million reflecting higher property and payroll taxes
- Interest Expense, net increase of \$0.8 million reflecting interest on higher levels of long-term debt
- Income Taxes decreased \$6.1 million consisting of \$5.0 million due to the lower income tax rate and \$1.1 million due to the current tax benefit related to book/tax items turning at the lower tax rate

Variance Analysis

(\$ in millions)



2018 Regulatory Activity

Subsidiary Q3 2018 Return on Equity – Authorized ROE Range of 9.5%-9.8%

Company	Average Common Equity	09/18 LTM ROE ⁽¹⁾	Rate Cases / Capital Trackers/ TCJA Activity		Date Effective
Northern Utilities (New Hampshire)	\$173.4	8.3%	Rate Case (NH)	\$2.6 mm	08/01/2017
Northern Utilities (Maine)			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	\$82.3	11.2%	Capital Tracker	\$1.9 mm	05/01/2018
			TCJA	(\$2.2) mm	01/01/2018
Fitchburg (Electric)	\$73.5	7.2%	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)			Capital Tracker (Gas)	\$0.9 mm	05/01/2018
			TCJA	(\$0.8) mm	01/01/2018
Granite State	\$13.6	10.3%	Settlement approved for no rate change		06/27/18
Unitil Corporation	\$321.4	10.3%			

(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

