



# FINANCIAL AND STRATEGIC UPDATE

November 1, 2022



# Forward-Looking Statements and Use of Non-GAAP Measures

This presentation contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included in this presentation are forward-looking statements. These forward-looking statements include statements regarding Unitol Corporation’s (“Unitol”) 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 words 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: the coronavirus (COVID-19) pandemic, which could adversely impact Unitol’s business, financial conditions, results of operations and cash flows, including by disrupting Unitol’s employees’ and contractors’ ability to provide ongoing services to Unitol, by reducing customer demand for electricity or natural gas, or by reducing the supply of electricity or natural gas; Unitol’s regulatory and legislative environment (including laws and 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 Unitol’s ability to recover energy commodity costs in its rates; customers’ preferred energy sources; severe storms and Unitol’s ability to recover storm costs in its rates; declines in the valuation of capital markets, which could require Unitol to make substantial cash contributions to cover its pension obligations, and Unitol’s ability to recover pension obligation costs in its rates; general economic conditions, which could adversely affect (i) Unitol’s customers and, consequently, the demand for Unitol’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of Unitol’s counterparty’s obligations (including those of its insurers and lenders); Unitol’s ability to obtain debt or equity financing on acceptable terms; increases in interest rates, which could increase Unitol’s interest expense; restrictive covenants contained in the terms of Unitol’s and its subsidiaries’ indebtedness, which restrict certain aspects of Unitol’s business operations; variations in weather, which could cause unanticipated changes in demand for Unitol’s distribution services; long-term global climate change, which could cause unanticipated changes in customer demand or cause extreme weather events that could disrupt Unitol’s electric and natural gas distribution services; cyber-attacks, acts of terrorism, acts of war, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other factors could disrupt Unitol’s operations and cause Unitol to incur unanticipated losses and expense; outsourcing of services to third parties, which could expose Unitol to substandard quality of service delivery or substandard deliverables, which may result in missed deadlines or other timeliness issues, non-compliance (including with applicable legal requirements and industry standards) or reputational harm, which could negatively impact our results of operations; catastrophic events; numerous hazards and operating risks relating to Unitol’s electric and natural gas distribution activities; Unitol’s ability to retain its existing customers and attract new customers; increased competition; unforeseen or changing circumstances, which could adversely impact the reduction of company-wide greenhouse gas emissions; other presently known or unforeseen factors; and other risks detailed in Unitol’s filings with the Securities and Exchange Commission, including those appearing under the caption “Risk Factors” in Unitol’s most recently filed Annual Report on Form 10-K.

Readers should not place undue reliance on any forward looking statements, which speak only as of the date they are made. Except as may be required by law, Unitol undertakes no obligation to update any forward-looking statements to reflect any change in Unitol’s expectations or in events, conditions, or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

This presentation contains Non-GAAP measures. The Company’s management believes these measures are useful in evaluating its performance. Reconciliations of Non-GAAP financial measures to the most directly comparable GAAP financial measures can be found herein.

# About Unitil

## Pure play New England utility creating long-term sustainable value

### Local distributor of electricity and natural gas in attractive service areas along the New Hampshire and Maine Seacoast

- Growing customer base supported by strong regional economic growth
- Continuing price advantage over competing fuels

### Fundamentally strong investment thesis

- Sustainable long-term growth opportunities
- Proven track record of financial, operating, strategic performance
- Sound, achievable ESG strategies

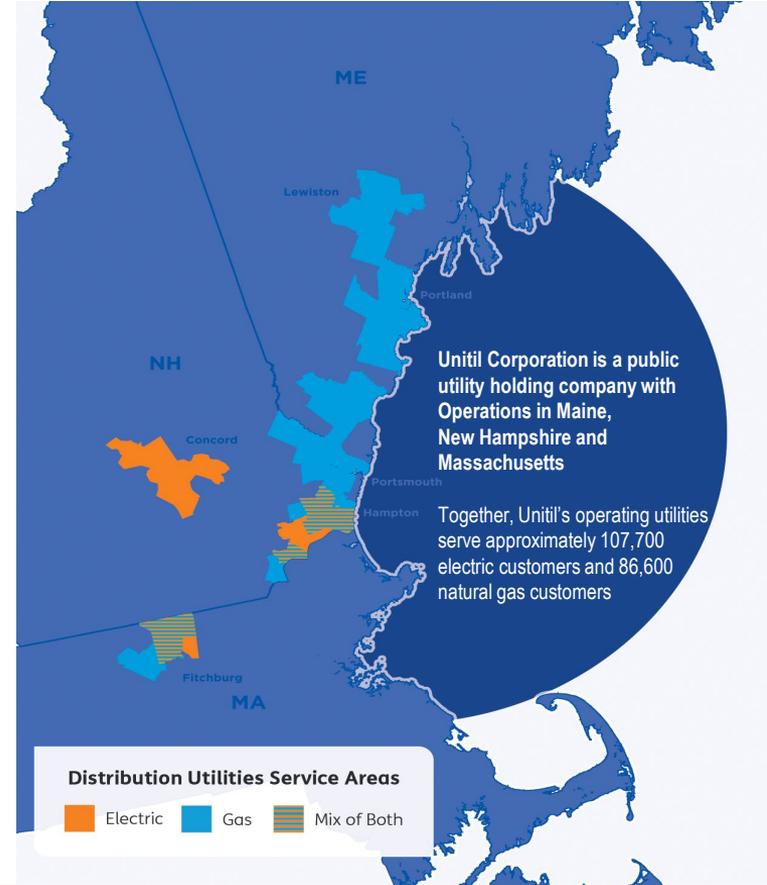
### Robust investment opportunities in electric and natural gas infrastructure

- Grid modernization, resiliency, and renewable resources are well aligned with sustainability strategies

### Industry leading customer service and operational excellence

### Stable long-term expected earnings growth

- Strong regulatory and legislative support
- Distribution revenues largely decoupled from changing sales volumes due to weather or economic conditions
- Earnings unaffected by commodity cost fluctuations



# Financial Results and Strategic Update

## Strong financial results and continued execution of strategic plan

### FINANCIAL HIGHLIGHTS

#### **Strong Financial Results**

- Quarterly Net Income of \$0.5 million or \$0.03 per share
- Year-to-Date Net Income of \$26.9 million or \$1.68 per share
  - \$0.26 per share increase compared to 2021 supported by successful rate case outcomes in New Hampshire

#### **Expected Long-Term EPS Growth Rate of 5% - 7%**

- Expecting 2022 results to be above the long-term range; year-to-date EPS up 18.3% over prior year

#### **Solid Capital Investment Outlook**

- Expected long-term Rate Base growth of 6.5% - 8.5%
- Utility-Scale Solar opportunity in New Hampshire

#### **Increased Liquidity**

- Revolver limit increased from \$120 million to \$200 million

### STRATEGIC UPDATES

#### **Embedding Sustainability**

- 2022 Corporate Sustainability and Responsibility report published on October 25, 2022
- Committed to reducing Company-wide greenhouse gas emissions by at least 50% by 2030, and achieving net-zero emissions by 2050

#### **Continued Operational Excellence**

- Customer Satisfaction and Employee Satisfaction metrics among industry leaders
- Named one of Business NH Magazine's 2022 'Best Companies to Work For'

#### **Successful Rate Case Outcomes in New Hampshire**

- Demonstrating supportive regulatory jurisdiction
- Full decoupling for both electric and gas divisions in New Hampshire and Massachusetts

#### **Strengthening our Corporate Board**

- Dr. Neveen Awad, Managing Director and Partner, Boston Consulting Group

# Utility-Scale Solar Filing in New Hampshire

Requesting public interest determination from the New Hampshire PUC



## NH Statute RSA 374-G

- Enables utility ownership of DER, limited to 6% of utility's total distribution peak load (approximately 18MW for Unitil)
- Individual generation projects limited to 5MW



## Summary of Proposal

- Requesting public interest determination to construct a 4.9MW solar facility (requesting approval by Q2 2023)
- Approximately 96 acres purchased in Kingston, NH (subject to due diligence)
- Proposal provides economic benefits to customers
- Total capital cost estimates of approximately \$14 million
- Upon Commission approval, the Company will issue an RFP, award contracts, and begin construction in 2023



## Further Opportunities

- Site could allow for a second solar facility in the future
- Potential for Energy Storage System added to the solar facility



Project will return combination of direct and indirect **benefits to customers** including lower purchased power and reduced transmission charges

**Investment Tax Credit (ITC)** of 30% expected for eligible facilities, which will be returned to customers, supporting the economics

# Corporate Sustainability and Responsibility Report

Unitil recently released its 2022 report with all key metrics on target



## Energy and the Environment

- Reducing fleet emissions by introducing dozens of hybrid vehicles and implementing idle reduction technologies
- Reducing emissions by safely capturing and transferring natural gas during maintenance with Zero Emission Vacuum and Compression units



## People

- 90% of employees are proud to work for Unitil; recently ranked as one of the best companies to work for in NH
- 11+ average years of service among workforce
- In 2022, the Diversity, Equity & Inclusion (DEI) council established a charter, furthered employee education events and created an employee newsletter to share and celebrate progress



## Customer and Communities

- 92% overall customer satisfaction score in 2021
- 1<sup>st</sup> in customer satisfaction out of 8 utilities in the Northeast
- 18<sup>th</sup> out of 113 in customer service ranked against utilities across the country
- Partnership with Shoals Marine Lab, a contained micro grid, has led to a 90% emissions reduction



## Safety and Reliability

- 88% of gas calls responded to within 30 minutes
- This year is on track to be record best reliability year as measured by SAIDI
- 95% gas distribution mains are plastic or cathodic protected steel

### Zero Emissions Vacuum and Compression



### Carbon Emissions Reduction Target (Scope 1)

50%

CO<sub>2</sub>  
Emission  
Reduction  
by 2030

Net  
Zero  
By 2050

Report available at [investors.unitil.com](https://investors.unitil.com)

# Strengthening Our Corporate Board

Ten members of the Board of Directors with addition of Dr. Neveen Awad

## Current Directors

Eben S. Moulton

➤ Member since 2000

Michael B. Green (Lead Director)

➤ Member since 2001

Edward F. Godfrey

➤ Member since 2002

David A. Whiteley

➤ Member since 2012

Thomas P. Meissner, Jr.

➤ Member since 2018

Mark H. Collin

➤ Member since 2019

Suzanne Foster

➤ Member since 2019

Justine Vogel

➤ Member since 2019

Winfield S. Brown

➤ Member since 2020

## Recent Addition to Board



Leader of digital transformation work across the public and private sector

Data Personalization and Cybersecurity

Extensive experience in technology driven transformations

**Dr. Neveen Awad**

Managing Director and Partner  
Boston Consulting Group

# Service Areas Contribute to Growth Opportunities

## Desirable service areas provide unique advantages

### New Hampshire has robust and developing economy

- Frequently cited as one of the best states to live in; low crime rate and excellent economic conditions
- 5<sup>th</sup> fastest GDP growth of all states over the past three years (Maine ranked #6) (Bureau of Economic Analysis)
- Second lowest unemployment rate in the country at 2.0% (Bureau of Labor Statistics)

### On-the-main penetration of approximately 60%

- Allows for continued low-cost customer conversions and reduced emissions

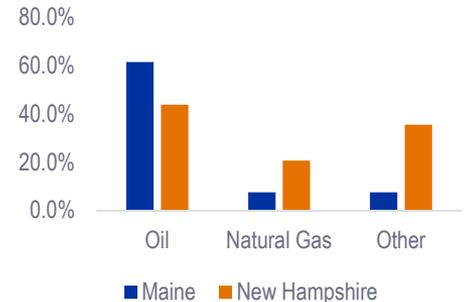
### Cold winter weather in our service areas requires heat sources that maintain effectiveness

- Stand-alone electric heat pumps are not sufficient during New England's coldest winter days

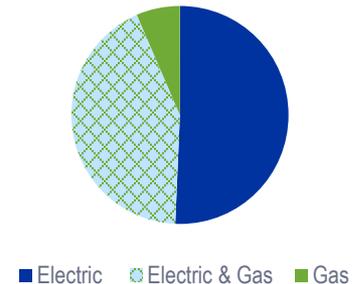
### Favorable regulatory developments in high growth jurisdictions

- NH Energy Choice legislation
- NH passed law that allows up to 5% of gas supply to be sourced with RNG and permits recovery of associated investment

Maine and New Hampshire have the first and second highest percentage of homes heated with fuel oil in the nation

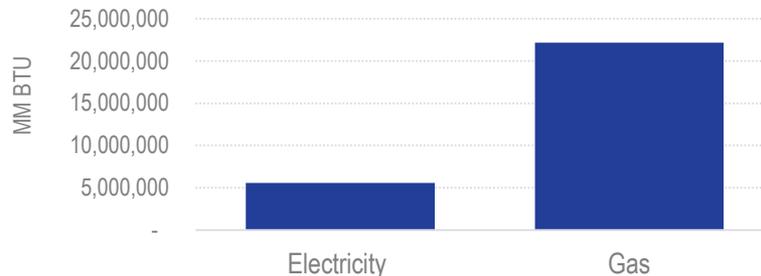


Well diversified operations in Massachusetts, the Company's most progressive service area, with significant overlap between gas and electric customers



## Unitil Delivered Energy

Gas infrastructure delivers significant energy while maintaining affordability; delivers 4x more energy annually compared to the electric system and ~7x more energy compared winter months despite having fewer customers.



# Third Quarter and Year-to-Date Financial Results

## Net Income and Earnings Per Share

### Third quarter 2022 Net Income of \$0.5 million, or \$0.03 per share

- Net Income increase of \$0.5 million, or \$0.03 per share, relative to the third quarter 2021
- Higher earnings are the result of higher sales margins supported by successful rate case outcomes

### Year-to-Date 2022 Net Income of \$26.9 million, or \$1.68 per share

- Net Income increase of \$5.3 million, or \$0.26 per share, relative to the same nine month period of 2021
- Earnings growth reflects higher distribution rates, including recoupment associated with New Hampshire rate cases, partially offset by higher operating expenses



	Three Months Ended September 30		Nine Months Ended September 30	
	2022	2021	2022	2021
Net Income (\$ millions)	\$0.5	\$0.0	\$26.9	\$21.6
Earnings Per Share	\$0.03	\$0.00	\$1.68	\$1.42

# Volume and Adjusted Gross Margin Variances

Year-to-Date variances in units, customers, and adjusted gross margin

Electric		
Unit Sales	Customers	Adjusted Gross Margin <sup>(1)</sup>
0.4% Increase	0.7% Increase	4.4% Increase

Gas		
Unit Sales	Customers	Adjusted Gross Margin <sup>(1)</sup>
2.5% Increase	1.4% Increase	9.1% Increase

## Unit Sales & Customers

- Electric distribution revenue fully decoupled as of 06/01/2022
- C&I sales up 1.1%, Residential sales down (0.6%)
- 734 additional customers

## Adjusted Gross Margin Increase \$3.2 Million

- Higher rates and customer growth

## Unit Sales & Customers

- NH gas distribution revenue fully decoupled as of 08/01/2022
- Weather normalized sales in Maine, our only non-decoupled service area, increased 0.7%
- 1,154 additional customers

## Adjusted Gross Margin Increase \$8.4 Million

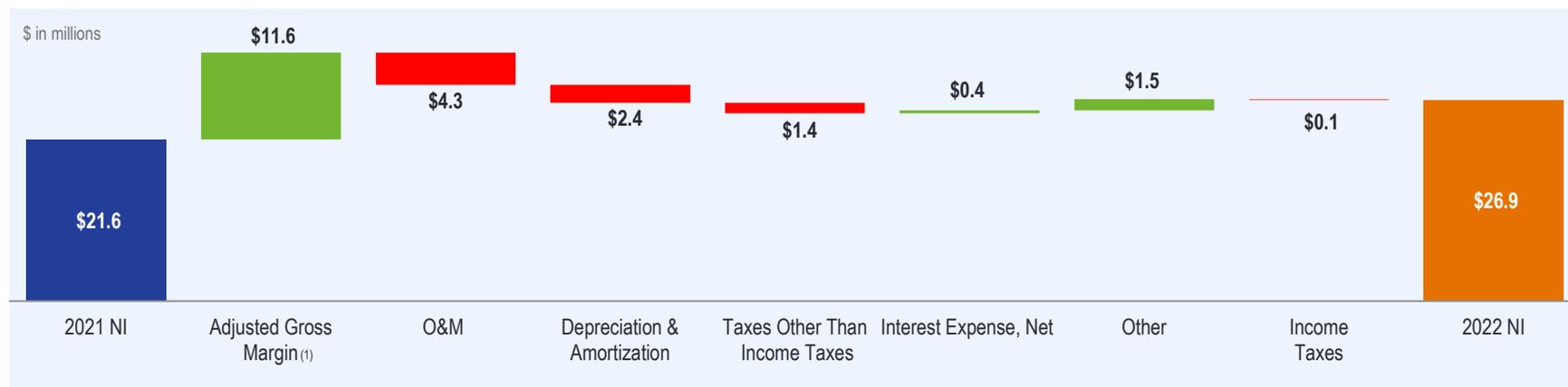
- Higher rates, customer growth and colder winter weather

(1) Adjusted gross margin is a non-GAAP financial measure. Reconciliations from non-GAAP financial measures to GAAP financial measures are provided at the end of the presentation

# Year-to-Date Earnings Reconciliation

## Variances to prior period earnings

- **Adjusted Gross Margin<sup>(1)</sup>** increased \$11.6 million as a result of higher rates, colder winter weather, and customer growth
- **Operating and Maintenance Expenses** increased \$4.3 million largely due to higher labor costs, professional fees, and utility operating costs
- **Depreciation and Amortization** increased \$2.4 million reflecting higher levels of utility plant in service and higher amortization of rate case costs
- **Taxes Other Than Income Taxes** increased \$1.4 million reflecting higher local property taxes on higher utility plant in service and higher payroll taxes
- **Net Interest Expense** decreased \$0.4 million reflecting lower interest on long-term debt, partially offset by higher interest on short-term borrowings
- **Other Expenses** decreased \$1.5 million reflecting lower retirement benefit costs
- **Income Taxes** increased \$0.1 million reflecting higher pre-tax earnings in the period, partially offset by the flow back of excess Accumulated Deferred Income Taxes per regulatory orders received in New Hampshire



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# Ample Liquidity and Balanced Capitalization

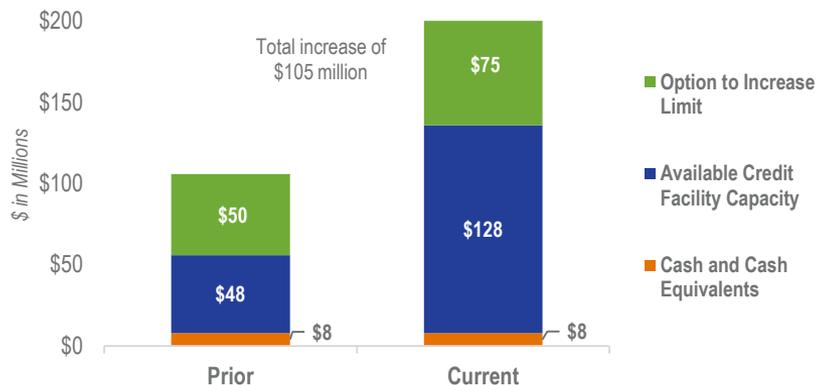
## Amended and extended credit facility in the third quarter

### Ample Liquidity Available

#### Amended & Extended Credit Facility

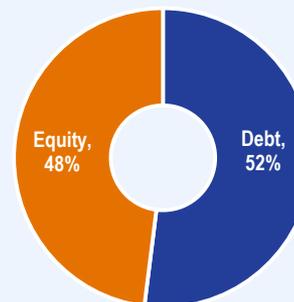
- Limit increased from \$120 million to \$200 million to provide additional liquidity to support working capital and the increasing investment plan
  - Includes \$75 million accordion feature
- Available until Q3 2027, two one-year extensions available
- Revolver represents only variable rate debt reliance
- Next significant Long-Term Debt repayment not until 2026

### Prior versus Current Credit Facility



### Balanced Capital Structure

As of September 30, 2022



### Dividend Strength

- Annualized dividend increase of \$0.04 per share in 2022
- Reflects confidence in ability to execute on strategic plan
- Payout ratio successfully decreased to mid-point of target range; possibly supporting accelerated dividend increases moving forward
- Continue to target long-term payout ratio of 55% to 65%

**\$1.56**  
Annualized Dividend<sup>(1)</sup>

**60%**  
Payout Ratio<sup>(2)</sup>

**55% - 65%**  
Target Payout Ratio

(1) Quarterly dividends are subject to approval by Unitil's Board of Directors

(2) Reflects common dividends divided by earnings over the trailing twelve months ending September 30, 2022

# Successful Rate Case Outcomes in New Hampshire

## Outcomes further strategic objectives and implement revenue decoupling

### Unitil Energy (NH Electric) order approving settlement agreement received on May 3<sup>rd</sup>, 2022

- Annual distribution revenue increase of \$5.9 million effective June 1, 2022
- Revenue decoupling mechanism and Time-Of-Use rate structure approved
- Return on Equity of 9.2% and equity ratio of 52%
- Rate plan recovering non-growth investments approved in separate docket
  - First step took effect August 1, 2022 producing additional revenue of \$1.3 million

### Northern (NH Gas) order approving settlement agreement received on July 20<sup>th</sup>, 2022

- Annual distribution revenue increase of \$6.1 million effective August 1, 2022
- Revenue decoupling mechanism approved
- Return on Equity of 9.3% and equity ratio of 52%
- Rate plan recovering non-growth investments approved in a separate docket
  - Step adjustment took effect September 1, 2022 producing additional revenue of \$1.6 million



Outcomes reflect strong relationship with regulators with combined award of \$13.3 million currently in effect, revenue decoupling mechanisms approved, and support for recovery of post test-year investments

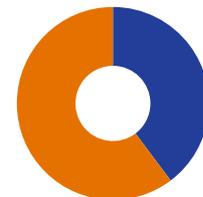
### Decoupled Electric Customers

Effectively 100% of electric customers now decoupled <sup>(1)</sup>



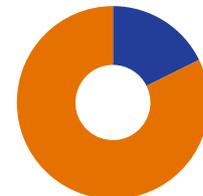
### Decoupled Gas Customers

60% of gas customers now decoupled, up from less than 20% <sup>(1)</sup>



### Total Customers - Decoupled

82% of total customers now decoupled as a result of NH rate cases <sup>(1)</sup>



Decoupled

Non-Decoupled

(1) Calculated based on customer counts as of December 31<sup>st</sup>, 2021

# Continue to Deliver on Financial and Strategic Goals

The energy transition offers robust long-term investment opportunities



## Transforming Customer Services and Energy Offerings

- Connecting customers with value adding products and services
- Accelerating customer adoption of clean energy technologies
- Promoting adoption of electric vehicles through investment in public charging infrastructure and time-of-use rates



## Modernizing Electric and Natural Gas Infrastructure

- Investing in technologies that optimize system performance and offer savings for customers
- Reducing the frequency and duration of power outages while mitigating storm impacts
- Expanding and optimizing the connection of customer-owned clean energy resources



## Accelerating the Clean Energy Transition

- Reducing direct company greenhouse gas emissions
- Investing in renewable energy projects where state regulations allow
- Pursuing renewable natural gas supply alternatives



## Fundamental Principles and Beliefs Underlying our Long-Term Strategy

- As a combination electric and gas distribution company operating in northern New England, Unitil is uniquely positioned to contribute to, and benefit from, evolving climate policies
- Net-Zero emissions commitment by 2050 reflects our goal to become a leader in environmental stewardship
- Advancing the electric grid will provide robust capital investment opportunities
- Natural gas, renewable natural gas, and gas distribution assets will play a vital role in ensuring clean, secure, low-cost energy



# Appendix

# GAAP Return on Average Common Equity

GAAP Return on Equity over the last twelve months

Company	Average Common Equity	LTM ROACE <sup>(1)</sup>
Northern Utilities	\$237 Million	7.9%
Unitil Energy Systems	\$115 Million	9.8%
Fitchburg Gas and Electric	\$98 Million	10.4%
Granite State Gas	\$21 Million	9.5%
<b>Unitil Corporation</b>	<b>\$449 Million</b>	<b>9.2%</b>

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

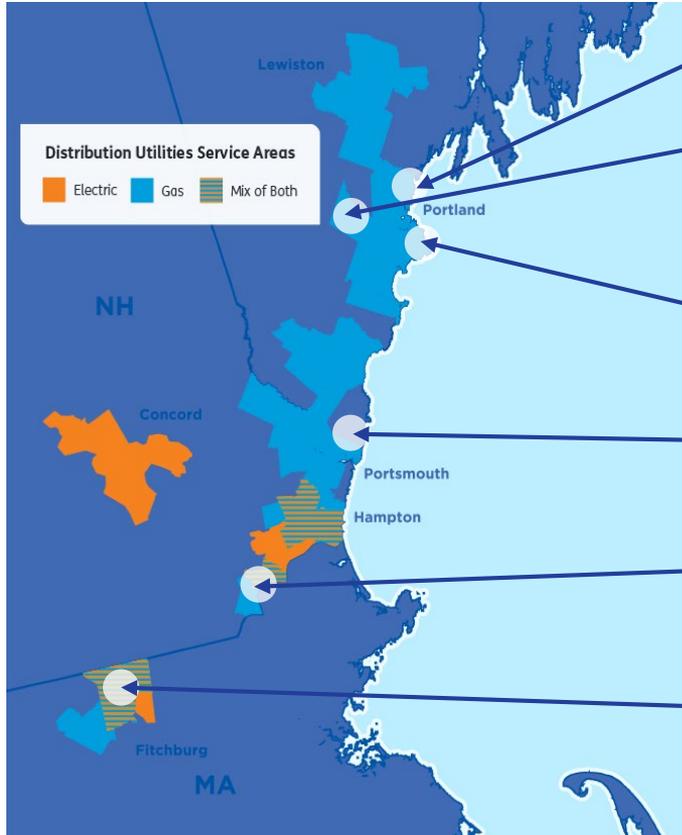
# Rate Relief Summary

Successful regulatory strategy resulting in awards from both capital trackers and rate cases

Company	Activity	Dollars (Millions)	Date Effective
Northern Utilities (New Hampshire)	Base Rate Case Increase	\$6.1	Q3 2022
	Capital Tracker (Step Adjustment)	\$1.6	Q3 2022
Northern Utilities (Maine)	Capital Tracker	\$1.5	Q2 2022
	Deferred Rate Case Item	\$0.6	Q4 2022
Unitil Energy Systems	Base Rate Case Increase	\$5.9	Q2 2022
	Capital Tracker (Step Adjustment)	\$1.3	Q3 2022
Fitchburg (Electric)	Electric Capital Tracker	\$0.2	Q1 2022
	Electric Grid Modernization	\$0.4	Q2 2022
Fitchburg (Gas)	Gas Capital Tracker	\$1.1	Q2 2022
Granite State Gas	Capital Tracker	\$0.3	Q3 2022

# Robust Economic Development Within Our Service Areas

Approximately \$8.0 billion of development projects within our service areas will add thousands of new customers<sup>(1)</sup>



Portland is the largest city North of Boston and has \$1.4 billion of new projects including apartments and hotels, mixed-use commercial space, and medical facilities

Westbrook ME project, Rock Row, is an emerging 110 acre campus development that will add ~750 residential units and ~1 million sq. feet of mixed-use commercial space

Scarborough, ME project, the Downs, is a 524-acre mixed-use community with hundreds of new residential units and about 2 million sq. feet of commercial space

Portsmouth Naval Shipyard was recently awarded \$1.7 billion for an expansion project creating new jobs for years to come

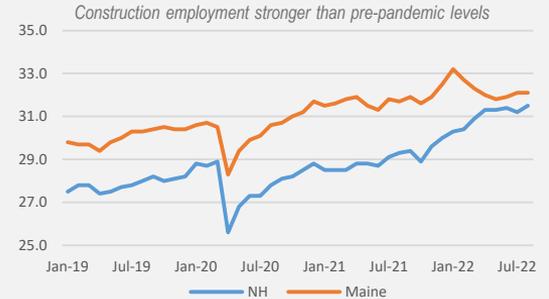
Salem NH project, Tuscan Village, includes an additional 500,000 sq. feet of retail space, 600 residential units, and a medical facility

New Amazon distribution center will bring hundreds of jobs spurring additional economic activity in the area

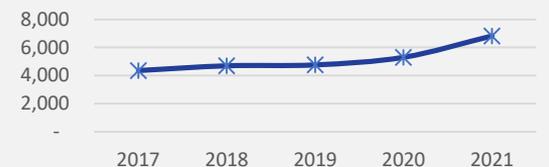
- (1) New development is either planned or underway, is limited only to the Company's service area and excludes civil construction projects. Data sourced from Construct Connect Insight
- (2) Source: Bureau of Labor Statistics
- (3) Source: U.S. Census Bureau

Service Area State	New Development <sup>(1)</sup>
Massachusetts	\$0.2 Billion
New Hampshire	\$2.5 Billion
Maine	\$5.3 Billion
<b>Total</b>	<b>\$8.0 Billion</b>

## Construction Employment <sup>(2)</sup> (in thousands)



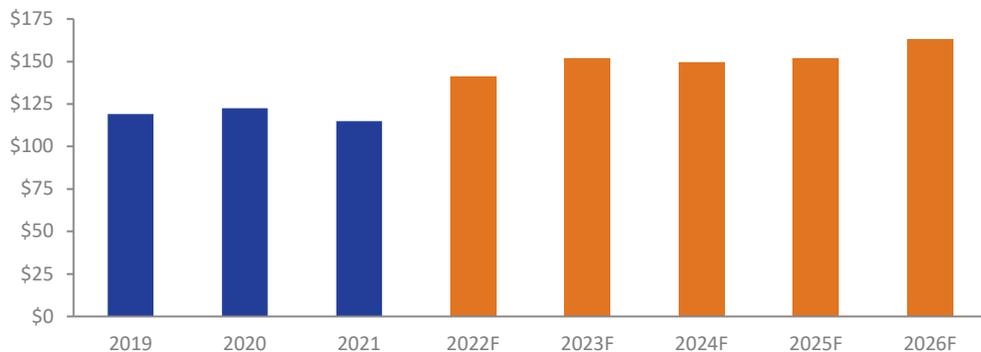
## Maine Residential Permits <sup>(3)</sup>



# Investment Plan

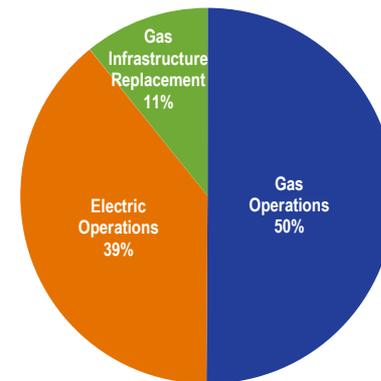
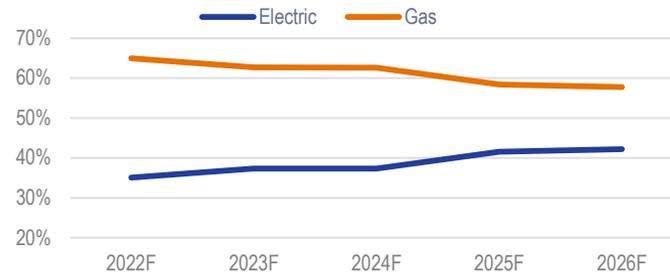
Maintaining investment plan to support, expand, and modernize utility infrastructure

Actual and Forecast Capital Investment (\$ in Millions)<sup>(1)</sup>



- Forecasting total investment of about \$755 million over the next five years supporting continued rate base growth consistent with historical growth of 6.5% to 8.5%
  - Roughly 30% increase in coming five years planned capital investment over the prior five years
- Investment mix between gas and electric divisions becoming increasingly balanced
- Potential upside for strategic projects being investigated with a focus on advanced energy systems and clean energy solutions
- Grid Modernization investment plan recently approved in Massachusetts (\$9.1 million)

Five-Year Investment Mix



(1) Forecast capital investment estimates include capitalized non-service retirement benefit costs which aren't reflected as investing activity for GAAP financial statements

# GAAP Reconciliation of Adjusted Gross Margin

Three Months Ended September 30

## Three Months Ended September 30, 2022 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 75.7	\$ 34.5	\$ ---	\$ 110.2
Less: Cost of Sales	(47.3)	(14.1)	---	(61.4)
Less: Depreciation and Amortization	(6.9)	(9.5)	(0.2)	(16.6)
GAAP Gross Margin	21.5	10.9	(0.2)	32.2
Depreciation and Amortization	6.9	9.5	0.2	16.6
Adjusted Gross Margin	\$ 28.4	\$ 20.4	\$ ---	\$ 48.8

## Three Months Ended September 30, 2021 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 65.5	\$ 32.6	\$ ---	\$ 98.1
Less: Cost of Sales	(40.1)	(13.2)	---	(53.3)
Less: Depreciation and Amortization	(6.5)	(8.1)	(0.2)	(14.8)
GAAP Gross Margin	18.9	11.3	(0.2)	30.0
Depreciation and Amortization	6.5	8.1	0.2	14.8
Adjusted Gross Margin	\$ 25.4	\$ 19.4	\$ ---	\$ 44.8

# GAAP Reconciliation of Adjusted Gross Margin

Nine Months Ended September 30

## Nine Months Ended September 30, 2022 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 219.2	\$ 182.5	\$ ---	\$ 401.7
Less: Cost of Sales	(142.6)	(81.9)	---	(224.5)
Less: Depreciation and Amortization	(19.3)	(26.9)	(0.7)	(46.9)
GAAP Gross Margin	57.3	73.7	(0.7)	130.3
Depreciation and Amortization	19.3	26.9	0.7	46.9
Adjusted Gross Margin	\$ 76.6	\$ 100.6	\$ ---	\$ 177.2

## Nine Months Ended September 30, 2021 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 182.2	\$ 151.3	\$ ---	\$ 333.5
Less: Cost of Sales	(108.8)	(59.1)	---	(167.9)
Less: Depreciation and Amortization	(19.4)	(24.5)	(0.6)	(44.5)
GAAP Gross Margin	54.0	67.7	(0.6)	121.1
Depreciation and Amortization	19.4	24.5	0.6	44.5
Adjusted Gross Margin	\$ 73.4	\$ 92.2	\$ ---	\$ 165.6