



Fourth Quarter 2019

EARNINGS CONFERENCE CALL

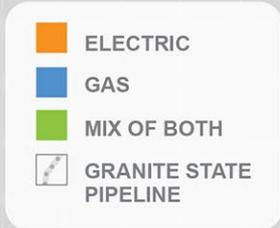


SAFE HARBOR PROVISION

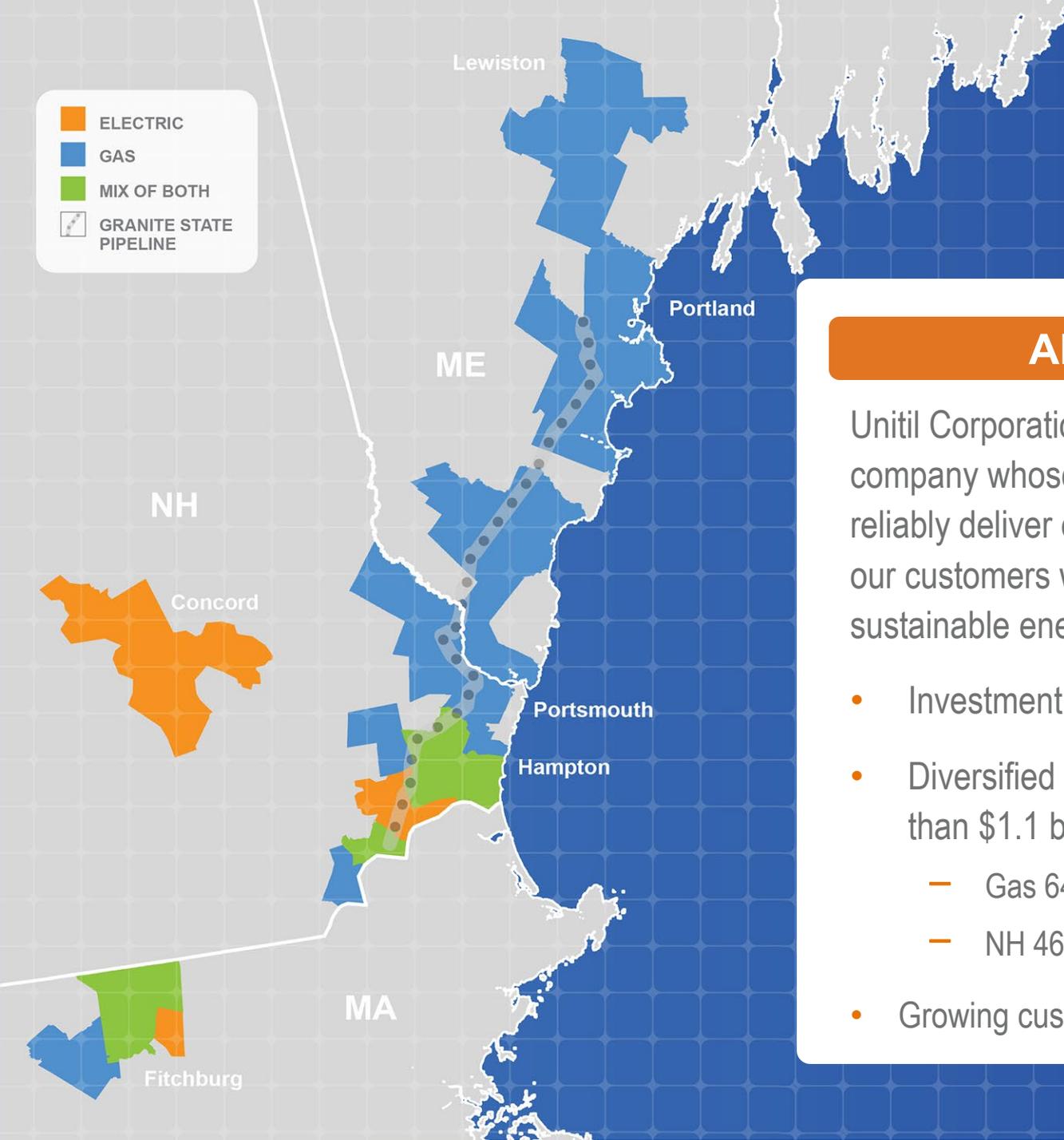
This presentation contains “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding Unitil Corporation’s (“Unitil”) financial condition, results of operations, capital 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, 2019.

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ELECTRIC
GAS
MIX OF BOTH
GRANITE STATE PIPELINE



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 \$1.1 billion
 - Gas 64%, Electric 36%
 - NH 46%, ME 28%, MA 26%
- Growing customer base

Q4 2019 FINANCIAL RESULTS

- For the three months ended December 31, 2019 Net Income of \$11.4 million or \$0.77 per share
 - Increase of \$0.4 million or \$0.03 per share compared to 2018
- For the year ended December 31, 2019 Net Income is \$44.2 million or \$2.97 per share
 - Excluding the divestiture gain for the sale of Usource of \$9.8 million or \$0.66 per share, Net Income is up \$1.4 million or \$0.08 per share

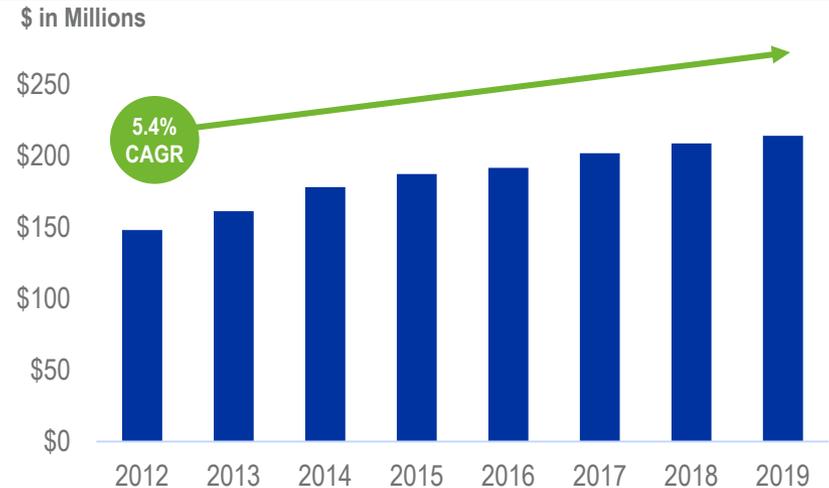
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Income (in millions)	\$11.4	\$11.0	\$44.2	\$33.0
Earnings Per Share	\$0.77	\$0.74	\$2.97	\$2.23

FINANCIAL SUMMARY Q4 2019

EPS Growth



Margin Growth



Usource Divestiture

Successfully divested of non-regulated energy brokering and advisory business

- Recognized after-tax gain of \$9.8 million or \$0.66 per share
- Net proceeds invested into regulated subsidiaries

Net Utility Plant



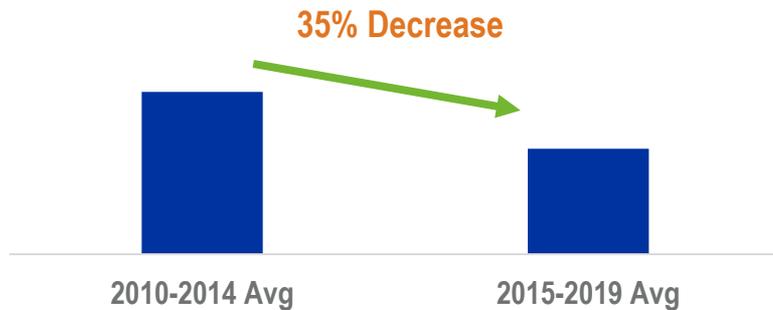
Increase in net utility plant driven from growing investment program, funded, in part, by proceeds from Usource divestiture

(1) 2019 EPS excludes the divestiture gain of \$0.66 per share

OPERATIONAL SUMMARY Q4 2019

Electric Reliability

2019 was lowest recorded system average interruption time in Company history



Gas Emergency Response Time

Percentage of calls responded to in under 60 minutes



Additional Gas Mains

Successfully added 23 miles of new distribution gas mains and also replaced and modernized 12 miles existing of gas mains



New Operations Center Under Construction



Broke ground on new NH operations facility ⁽¹⁾

(1) Image is artist rendition of completed facility

STRONG SHAREHOLDER RETURN

Annualized Returns	1-Year	5-Year	10-Year
Unitil	25.3%	14.5%	15.2%
Dow Jones Utility	27.3%	11.0%	12.4%
S&P 500	31.5%	11.7%	13.6%

Received the Edison Electric Institute Index award for Outstanding Stock Performance over the past five years for small market capitalization



INVESTMENT THEMES

Low Risk

- Pure play regulated utility
- Electric revenue protected by decoupling mechanisms
- Gas revenue fully decoupled in Massachusetts
- Investment grade credit ratings



Customer Growth

- Robust economic development along our seacoast service areas
 - \$7.8 billion of new construction planned or underway
- Opportunity for continued on-the-main gas customer conversion
- Added 49 miles of new gas mains in the past 3 years



Investment Opportunities

- Significant investment opportunities for continued rate base growth
- Distribution system modernization
- Electrification projects
- Precedent for capital trackers across all regulatory jurisdictions



GAS SALES & MARGIN

Unit Sales



Weather Normal Unit Sales*



Customers



Margin



↑ Weather Normal Unit Sales up 4.2%

- Increase in unit sales reflects strong C&I growth as well as 1,152 additional customers added
- Existing non-heat residential customers transitioning to gas as a source of heat

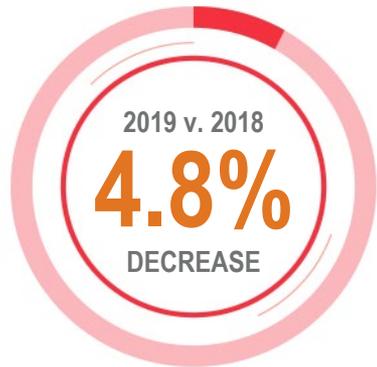
↑ Sales Margin up \$5.3 million

- \$5.6 million increase due to higher natural gas distribution rates
- \$0.9 million increase due to higher therm sales driven by customer growth partially offset by milder winter weather
- Less \$1.2 million adjustment in 2018 connected with a NH base rate case

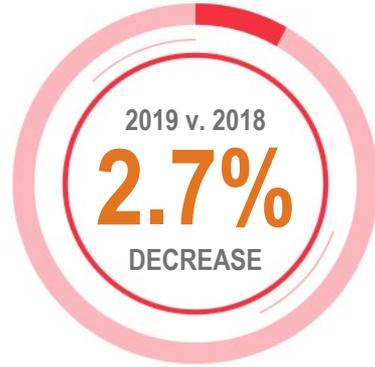
*Weather normal sales excludes decoupled sales units

ELECTRIC SALES & MARGIN

Unit Sales



Weather Normal Unit Sales*



Customers



Margin



↓ Weather Normal Unit Sales down 2.7%

- Decrease reflects lower average usage overall, slightly offset by new customers
- Decoupling mechanisms mitigate impact of unit sales on margin
 - Fully decoupled in MA
 - In NH, roughly half of the decline in weather normal sales are recoverable via regulatory mechanisms

↔ Sales Margin flat

- \$1.6 million increase due to higher distribution rates
- \$1.6 million decrease due to lower kWh sales due to milder summer weather

*Weather normal sales excludes decoupled sales units

EARNINGS VARIANCE: 2019 VS 2018

- Gas and Electric sales margin up \$5.3 million, offset by \$3.8 million less Usource revenue as a result of the divestiture
- O&M is lower by \$2.3 million
 - \$1.2 million less O&M as a result of a 2018 non-recurring adjustment in connection with a rate case
 - \$2.4 million less O&M incurred as a result of the Usource divestiture
 - Absent these items O&M increased \$1.3 million or 2.0%, largely a result of higher labor costs
- Depreciation & Amortization and Taxes Other Than Income Taxes trended higher due to higher utility plant, partially offset by property tax abatements realized in 2019
- Interest Expense is slightly lower due to lower interest on long-term debt, offset by higher average short-term borrowings
- Other Expense is lower by \$1.0 million as a result of lower retirement benefit costs
- Usource after-tax divestiture gain of \$9.8 million
- Income Taxes increased due to higher pre-tax earnings



\$ in Millions

FINANCING ACTIVITY

Unitil Corporation closed on \$30 million of senior unsecured notes in Q4

- The proceeds reduced short term borrowings and reduced exposure to interest rate volatility
- The remaining proceeds invested as equity into the regulated subsidiaries
- Considering a prepayment option for \$20 million of 6.33% Corporate Notes in Q2 2020



Well positioned to continue refinancing long-term debt at lower interest rates

Maturing Debt ⁽¹⁾	Principle	Interest Rate ⁽²⁾
FY 2020	\$39.8 mm	6.1%
FY 2021	\$8.6 mm	7.2%
FY 2022	\$8.2 mm	7.5%
Total	\$56.6 mm	6.5%

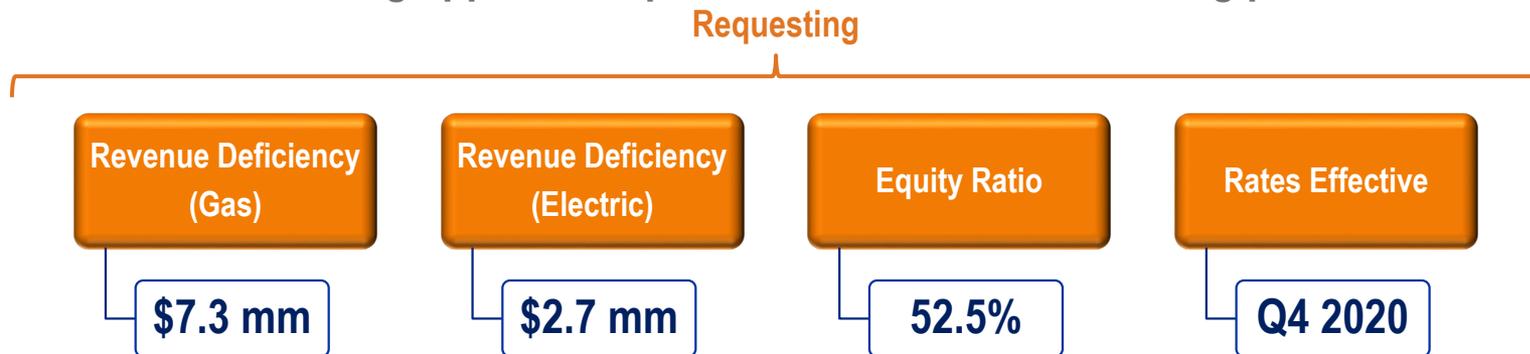
(1) FY 2020 includes prepayment option for \$20 million corporate notes

(2) Interest rate is weighted based on principle amounts of maturing debt

REGULATORY ACTIVITY

Rate Cases - Massachusetts

Fitchburg (Gas and Electric) filed its rate cases in December, 2019. Electric filing seeking approval of performance-based ratemaking plan.



Rate Case - Maine

Northern Utilities (ME only) gas base rate case continues to progress as planned



Other Activity

Limited exposure to new transmission FERC base ROE methodology (MISO Complaint ⁽¹⁾)

- Electric transmission less than 1% of total rate base

Regulatory approval received for long-term capacity agreement increasing gas supply 11% in NH and Maine

(1) Docket EL14-12

Q4 2019 RETURN ON EQUITY

Company	Average Common Equity	12/19 LTM ROE ⁽¹⁾
Northern Utilities (New Hampshire)	\$211	7.7%
Northern Utilities (Maine)		
Unitil Energy	\$91	8.4%
Fitchburg (Electric)	\$82	6.7%
Fitchburg (Gas)		
Granite State	\$17	7.8%
Unitil Corporation ⁽²⁾	\$364	12.2%

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

(2) Unitil Corporation LTM ROE excluding the one-time divestiture gain from the sale of Usource is 9.5%

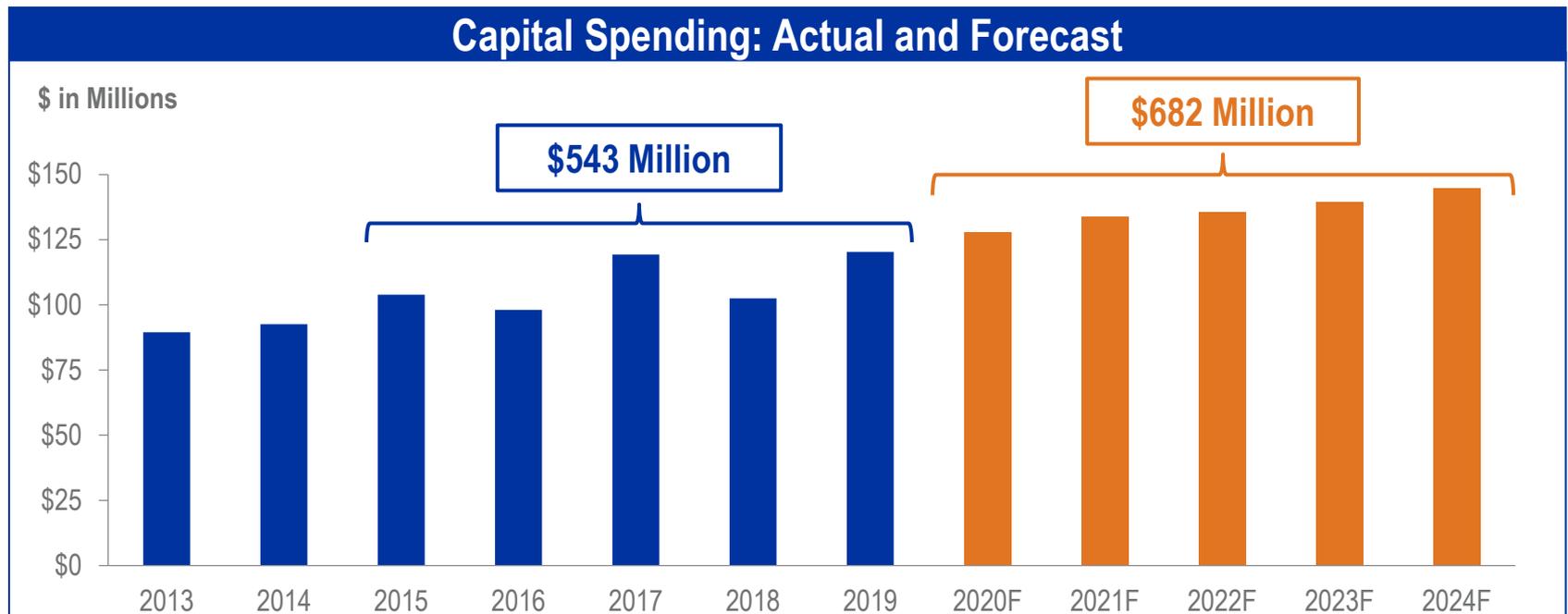
2019 RATE RELIEF SUMMARY

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

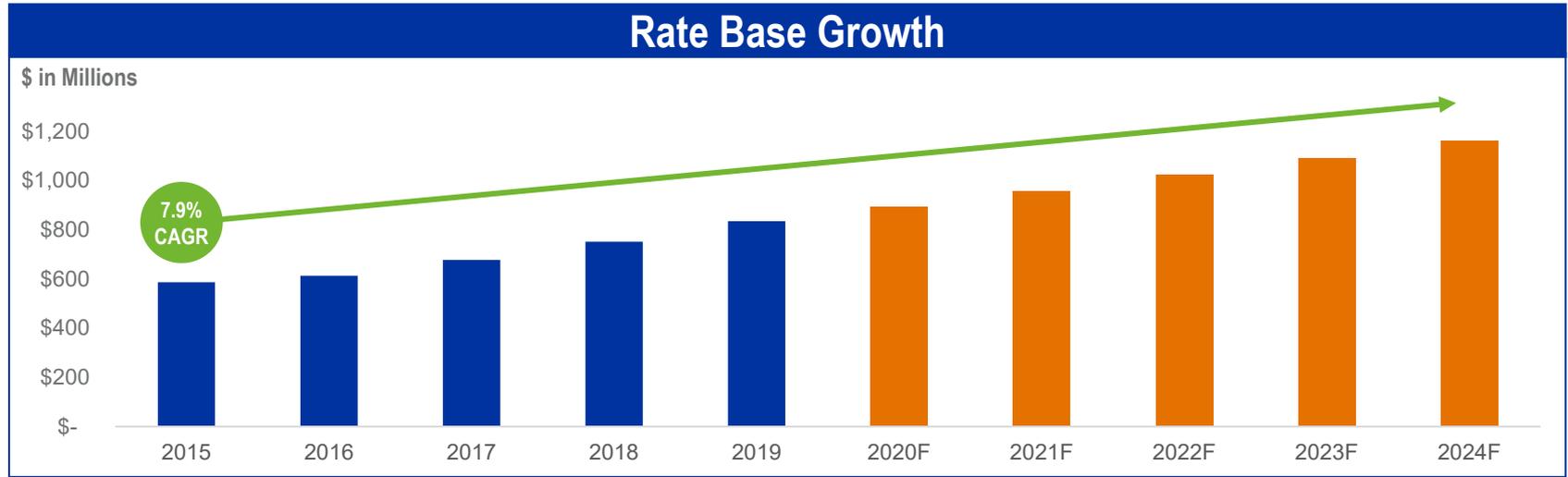
Over \$4 million in 2019 rate relief awarded outside of rate cases

INVESTMENT OUTLOOK

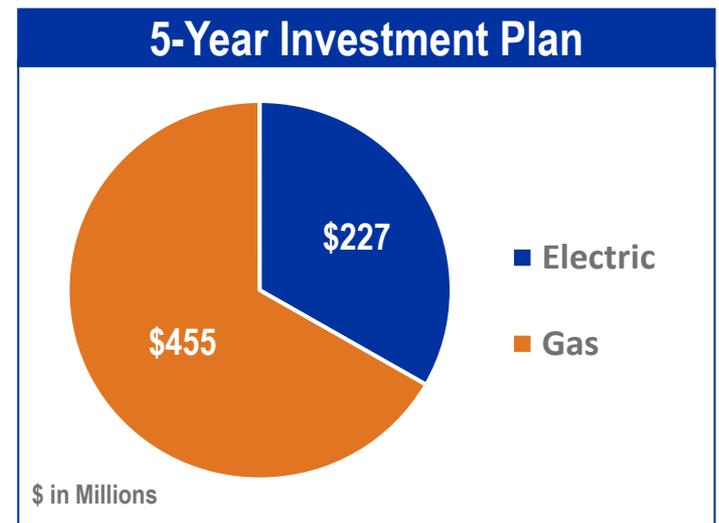
- Increasing investment program to support gas system growth and distribution system modernization
 - 25.6% more spending planned in the next 5 years compared to prior 5 years
- Capital spending forecast of \$128 million in 2020



RATE BASE GROWTH



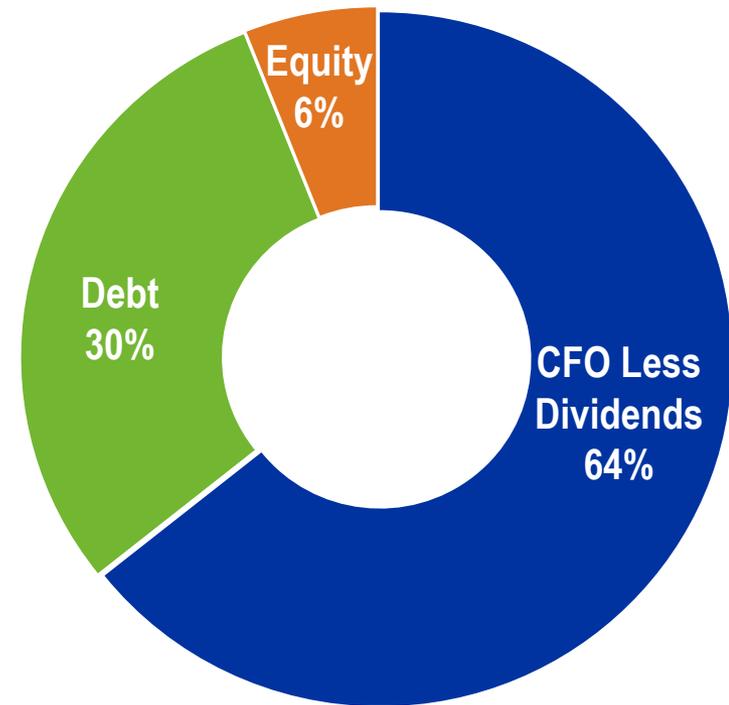
- Forecasting 7.5% to 8.5% rate base growth over the next 5 years
 - Gas growth rate about 70-100 basis points higher than electric
- Growth could be accelerated as a result of additional investment in:
 - Grid modernization program in NH
 - Electric vehicle infrastructure projects
 - Gas supply peaking projects



CAPITAL SOURCES FIVE-YEAR PLAN

Financing Sources

- Capital investment funded primarily from cash flow from operations less dividend payments
 - Declining payout ratio reinvests income and reduces external financing requirements
- The remaining investment program is funded through both Debt and Common Equity to maintain a balanced capital structure
 - Equity proceeds can include the Dividend Reinvestment and 401(k) programs as well as common stock offerings



DIVIDEND POLICY

Strategically reducing the payout ratio to plowback earnings into the investment program

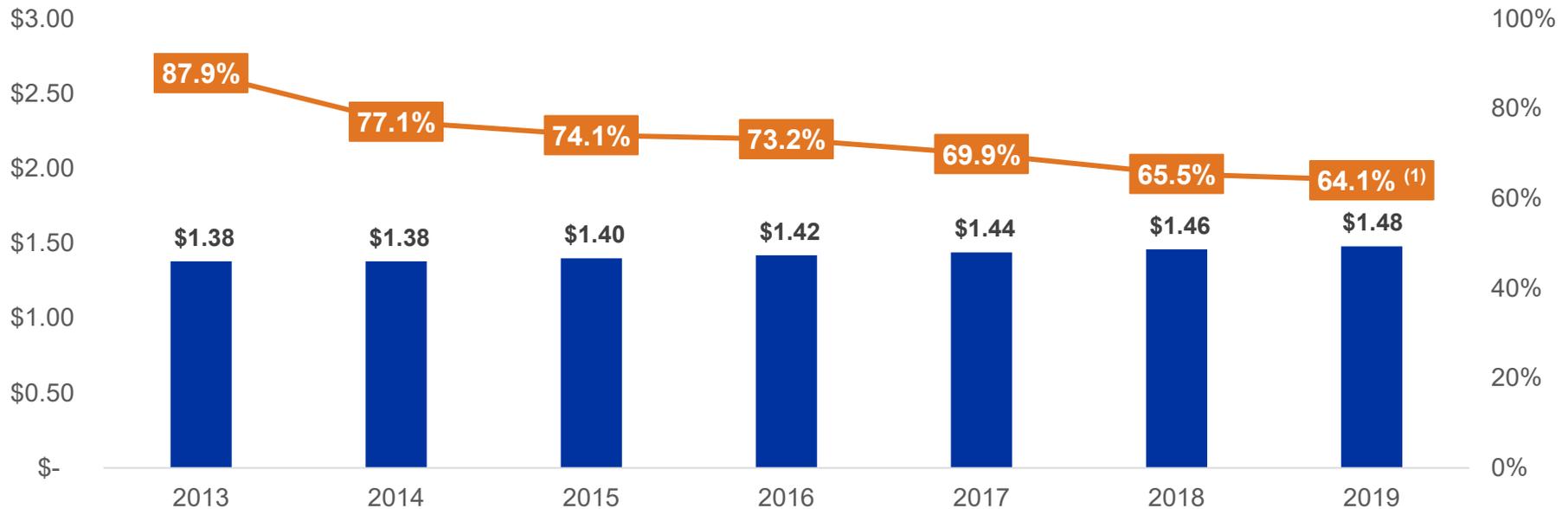


DPS
\$1.50/share
(annual)



Payout Ratio
Target
55%-65%

Dividend and Payout Ratio



(1) 2019 payout ratio excludes the Usource divestiture gain of \$0.66 per share

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



Unitil
energy for life