



Unitil

Unitil Corporation Earnings Conference Call First Quarter 2017

*Financial and
Other Information - April 27, 2017*

Safe Harbor Provision

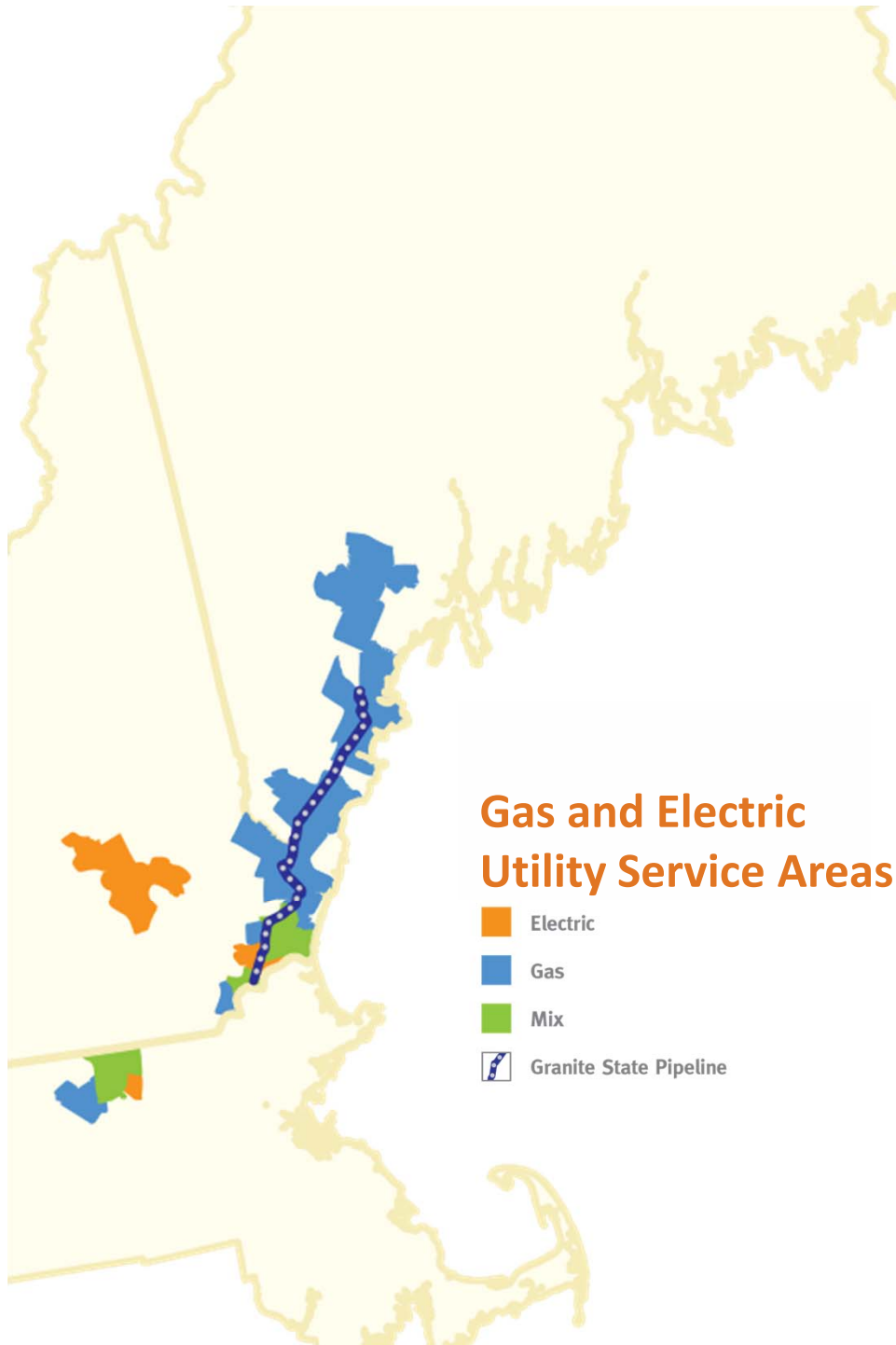
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These forward-looking statements are neither promises nor guarantees, but involve risks and uncertainties that could cause the actual results to differ materially from those set forth in the forward-looking statements. Those risks and uncertainties 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 the 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, 2016.

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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



About Unitil

Natural gas and electric distribution utility with **operations in three states** serving ~184,200 customers

Growing operations and customer base

Regulated gas and electric rate base

Robust natural gas system expansion

Constructive regulation

We provide **energy for life**, safely and reliably delivering natural gas and electricity in New England

Q1 2017 Financial Results

- First quarter 2017 Net Income of \$12.4 million, or \$0.88 per share
 - Increase of \$1.5 million, or \$0.10 per share, compared to 2016
- Earnings growth in first quarter reflects higher distribution rates, customer growth and colder winter weather compared to the first quarter of 2016
 - 5% more heating degree days in 2017 compared to 2016 resulting in an estimated \$0.03 increase in EPS due to colder weather
 - However, there were 9% less heating degree days in 2017 compared to normal resulting in an estimated negative impact in EPS of \$0.06

	Three Months Ended March 31,	
(in millions excluding EPS)	<u>2017</u>	<u>2016</u>
Net Income	\$12.4	\$10.9
Earnings Per Share	\$0.88	\$0.78

Economic Service Territory

Unitil's service areas lead economic performance in New England



Unemployment is well below the national average in the states we serve

U.S.	MA	NH	ME
4.5%	3.6%	2.8%	3.0%

Portland & Southern Maine

- Largest US city north of Boston
- Greater Portland Region
 - Economic engine of state
 - 25% of state's population
 - 50% of state's earnings
 - 40% of state's employment

Portsmouth & Seacoast New Hampshire

- New Hampshire's fastest growing area
- Top 100 Places to Live (CNN/Money Magazine)

Concord & Capital Region New Hampshire

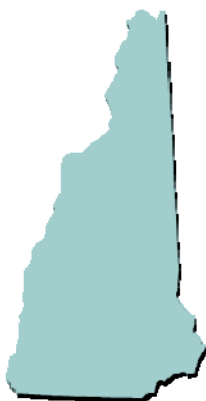
- Government driven economy
- New Hampshire rated the best tax climate in the Northeast and 7th best tax climate in the nation (Beacon Hill Institute)
- State's GDP growth rate of 2.9% is among the highest in the nation

Massachusetts

- Greater Fitchburg region is economically diverse with pharmaceutical, manufacturing, molding and textile companies

Regulatory Updates

New Hampshire



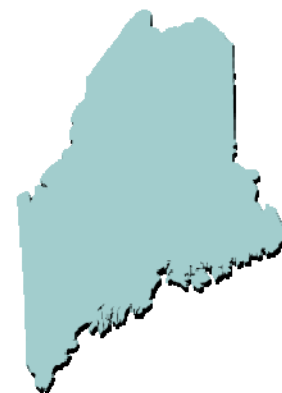
Unitil Energy

- Settlement agreement approved on April 20, 2017
- \$4.1 million permanent electric revenue increase
- Permanent rates retroactively trued up to temp rates of \$2.4 million effective 7/1/16
- Three-year rate plan (\$0.9 million 1st year increase)

Northern New Hampshire

- Filed Notice of Intent to file a gas base rate case on or about 6/1/17
- Estimated gas base revenue increase of \$5.0 million
- Plan to propose long-term rate plan with base rate step adjustments

Maine

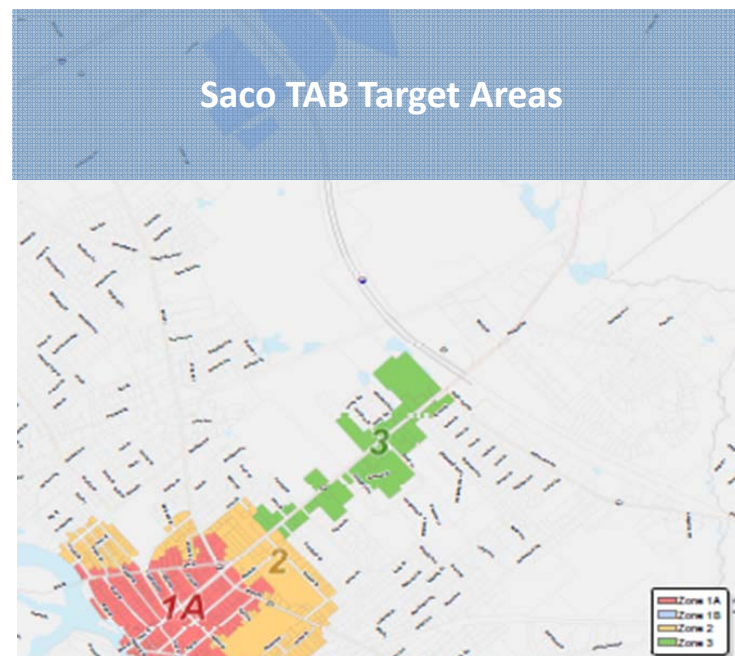


Northern Maine

- Filed Notice of Intent to file a gas base rate case on or about 6/1/17
- Estimated gas base revenue increase of \$5.5 million
- Plan to amend and extend current Targeted Infrastructure Replacement Adjustment (TIRA) mechanism

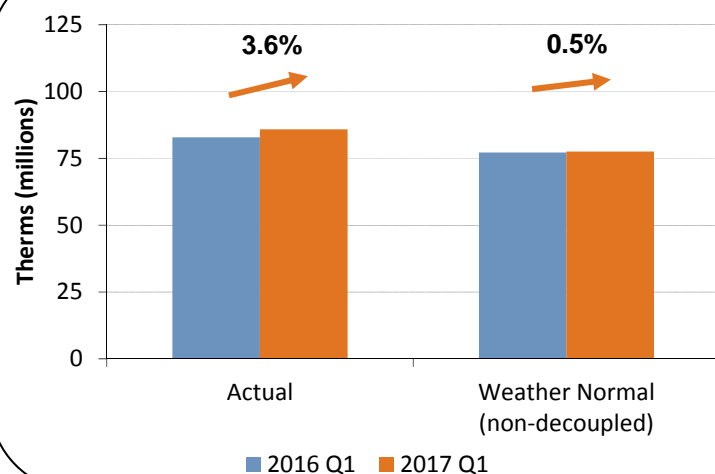
Key Operations Highlights

- **Targeted Area Buildout (TAB)**
 - Saco, ME
 - Beginning second year (three years total)
 - Market potential of 1,000 customers
 - \$1 million in potential distribution revenue
 - Sanford, ME
 - Applied for approval of second TAB program
 - Market potential of 2,000 customers
 - \$2 million in potential distribution revenue
 - Phase one (four phases) in 2017
- **Electric Substation**
 - Nearing completion of new \$15 million distribution substation in New Hampshire
 - Recoverable through base rate step adjustment
- **Fitchburg, MA 1.3 MW Solar Project**
 - Solar facility on existing remediated former manufactured gas plant site
 - Investment of \$3.5 million
 - Operational by the end of 2017



Gas Units Sales & Margin

Natural Gas Sales



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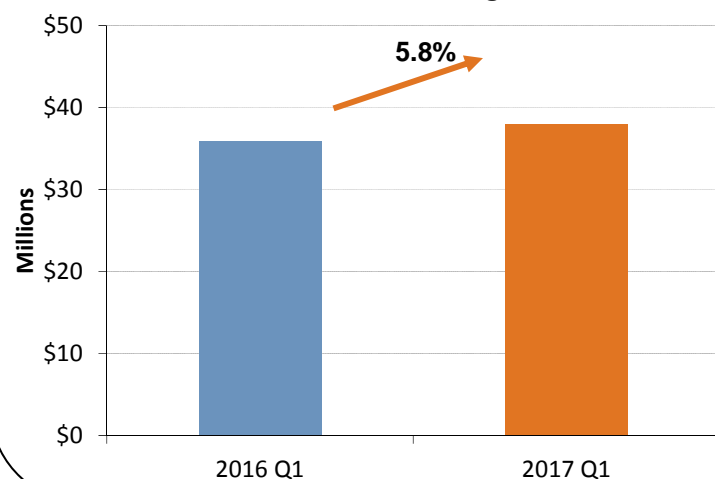


Key Performance Drivers

Unit Sales up 3.6%

- 5.4% more heating degree days than prior year
- Growth in residential / C&I customers – >1,000 year-over-year
- Residential sales up 6.1%

Natural Gas Sales Margin



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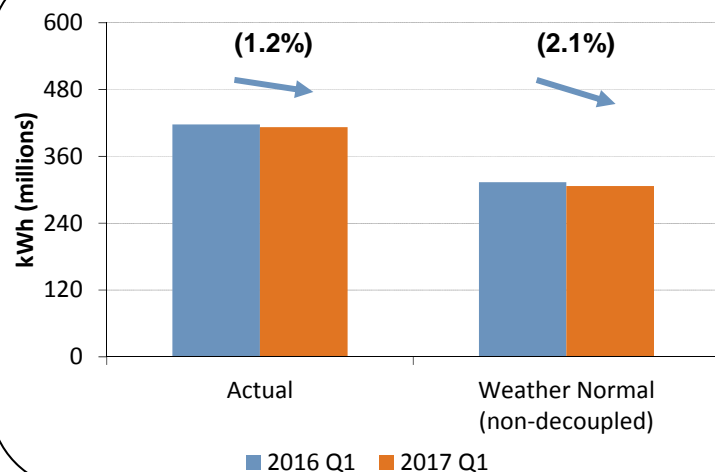
Key Performance Drivers

Sales Margin up \$2.1 million

- \$0.6 million favorable impact from colder weather
- \$0.4 million favorable impact from customer growth
- \$1.1 million favorable impact from higher base rates

Electric Units Sales & Margin

Electric Sales



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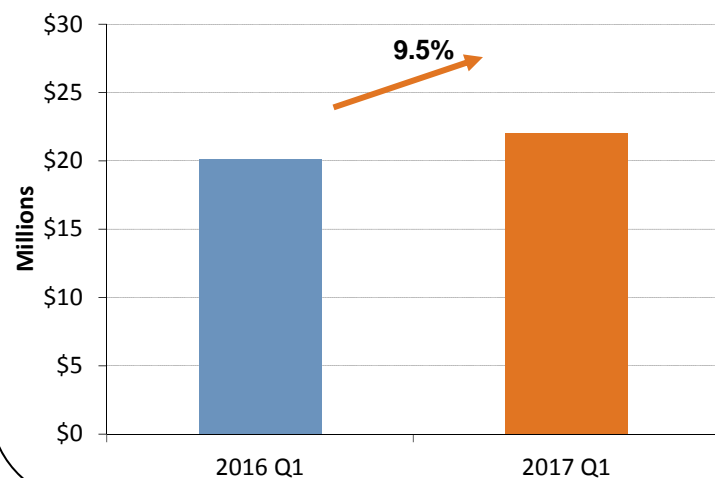


Key Performance Drivers

Unit Sales down 1.2%

- Ongoing energy efficiency initiatives
- Growth in residential / C&I customers – >1,000 year-over-year
- Residential sales up 0.5%

Electric Sales Margin



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Key Performance Drivers

Sales Margin up \$1.9 million

- \$0.3 million favorable impact from customer growth
- \$1.6 million favorable impact from higher base rates

YTD Variance: 2017 vs 2016

- Net Income up \$1.5 million, or 13.8%
- Gas margin up \$2.1 million, or 5.8%
- Electric margin up \$1.9 million, or 9.5%
- O&M increase of \$0.2 million, or 1.1%; reflecting higher compensation and benefits costs, lower utility operating costs
- D&A increase of \$0.7 million, or 5.9% reflects higher utility plant in service
- Taxes other than income taxes increase of \$0.5 million, or 10.0% primarily reflects higher property taxes on utility plant in service
- Net Interest expense increase of \$0.5 million, or 9.1% reflects lower net interest income on regulatory assets / liabilities and higher levels of short-term debt
- Income taxes up by \$0.7 million, reflecting higher pre-tax earnings in the current period

Variance Analysis

(\$ in millions)



Long-Term Financings

- On April 21, 2017 Northern Utilities, Fitchburg, and Granite State priced \$90 million collectively of Senior Unsecured Notes (Notes)
- Financings driven by capital expenditures and sinking fund retirements of higher cost debt
 - Total sinking fund retirements of \$66 million from 2017-2019
- **Northern Utilities**
 - \$20 million of Notes due 2027 at 3.52%
 - \$30 million of Notes due 2047 at 4.32%
- **Fitchburg**
 - \$10 million of Notes due 2027 at 3.52%
 - \$15 million of Notes due 2047 at 4.32%
- **Granite State**
 - \$15 million of Notes due 2027 at 3.72%
- Funding expected November 1, 2017; net proceeds will be used to refinance higher cost long-term debt maturing later in 2017, to repay short-term debt and for general corporate purposes

2017 Return on Equity

Subsidiary Q1 2017 Return on Equity

(\$ in millions) Company	Weighted Average Common Equity	03/17 LTM ROE ⁽¹⁾
Northern Utilities (New Hampshire)	\$136.7	8.3%
Northern Utilities (Maine)		
Unitil Energy	\$77.5	9.1%
Fitchburg (Electric)	\$72.3	9.9%
Fitchburg (Gas)		
Granite State	\$13.3	10.6%
Unitil Corporation	\$287.3	10.0%

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

Authorized ROE Range of 9.5%-9.8%

Rate Plans and Cost Trackers

Northern Utilities (Maine and New Hampshire Gas)

- Capital tracker adjustment in Maine of \$1.1 million effective May 1, 2017
- Plan to file base rate cases at both divisions in Q2 2017 with long-term capital cost tracker mechanisms

Unitil Energy (New Hampshire Electric)

- \$4.1 million settlement agreement approved April 20, 2017
- Three-year rate plan recovering 80% of plant additions - first year adjustment of \$0.9 million effective May 1, 2017

Fitchburg (Massachusetts Electric)

- \$2.1 million base rate increase effective May 1, 2016
- Long-term capital tracker to provide estimated rate adjustments of ~\$0.3 million effective January 1 annually

Fitchburg (Massachusetts Gas)

- \$1.6 million base rate increase effective May 1, 2016
- Long-term pipe replacement capital tracker provides estimated rate adjustments averaging ~\$0.6 million effective May 1 annually

Granite State (FERC Pipeline)

- Capital tracker adjustment of ~\$0.3-\$0.4 million estimated August 1, 2017

Key Investment Highlights



- Regulatory local distribution utility business model
- Diversified natural gas and electric sales
- Growing operations and customer base
 - Regulated rate base growth
 - Robust natural gas system expansion
 - Constructive rate plans and cost trackers
- Dividend strength
- Experienced management team