



# FINANCIAL AND STRATEGIC UPDATE

Third Quarter 2021

November 2, 2021



# 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 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 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 Unitil’s business, financial conditions, results of operations and cash flows, including by disrupting Unitil’s employees’ and contractors’ ability to provide ongoing services to Unitil, by reducing customer demand for electricity or natural gas, or by reducing the supply of electricity or natural gas; Unitil’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 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; declines in the valuation of capital markets, which could require Unitil to make substantial cash contributions to cover its pension obligations, and Unitil’s ability to recover pension obligation costs in its rates; general economic conditions, which could adversely affect (i) Unitil’s customers and, consequently, the demand for Unitil’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of Unitil’s counterparty’s obligations (including those of its insurers and lenders); Unitil’s ability to obtain debt or equity financing on acceptable terms; increases in interest rates, which could increase Unitil’s interest expense; restrictive covenants contained in the terms of Unitil’s and its subsidiaries’ indebtedness, which restrict certain aspects of Unitil’s business operations; variations in weather, which could cause unanticipated changes in demand for Unitil’s distribution services; long-term global climate change, which could cause unanticipated changes in customer demand or cause extreme weather events that could disrupt Unitil’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 Unitil’s operations and cause Unitil to incur unanticipated losses and expense; outsourcing of services to third parties, which could expose Unitil 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 Unitil’s electric and natural gas distribution activities; Unitil’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 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, 2020.

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, Unitil undertakes no obligation to update any forward-looking statements to reflect any change in Unitil’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.

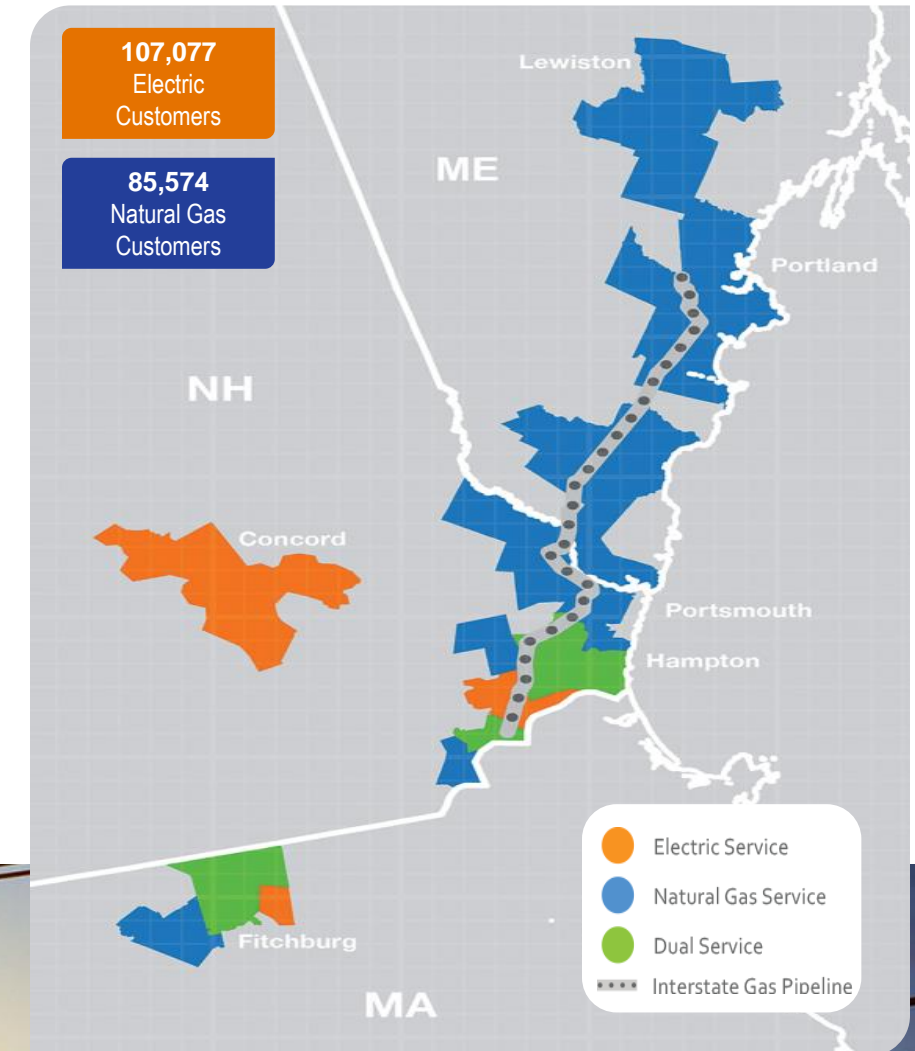
This presentation contains Non-GAAP measures. The Company’s management believes these measures are useful in evaluating its performance. Reconciliations of Non-GAAP financial measures to the most directly comparable GAAP financial measures can be found herein.

# About Unitil

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

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

- **Providing local electric and natural gas in our attractive service areas along New Hampshire and Maine Seacoast**
  - Growing customer base supported by ongoing conversions from competing fuels
  - Service areas well positioned for continued economic growth
- **Robust investment opportunities in Electric and Natural Gas systems**
  - Investments including grid modernization and resiliency are well aligned with our sustainability strategies
  - Investing in enabling technologies to allow for a greener and more efficient energy system
- **Industry leading customer service and operational excellence in both electric and natural gas operations**





# Financials Results and Strategic Update

## Strong financial results and continued execution of strategic plan

### Strong Positive Financial Results

- Third quarter 2021 breakeven Net Income and Earnings Per Share
- Year-to-Date Net Income of \$21.6 million or \$1.42<sup>(1)</sup> per share
  - \$0.17 per share increase compared to 2020

### Expected Long-Term EPS Growth Rate at 5% - 7%

- 2021 EPS expected to remain above higher end of long-term growth range relative to 2020

### Regulatory Initiatives

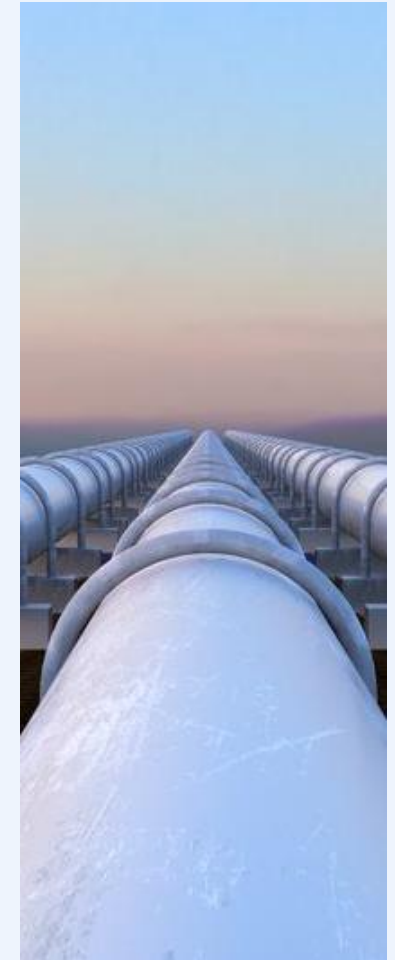
- Base rate filings for NH Electric and Gas operations progressing well
- Temporary rates awarded and currently in effect
- Multi-year Rate Plans with Revenue Decoupling

### Solid Capital Investment Outlook

- Investment Plan remains on track
- Maintain expected long-term Rate Base growth of 6.5% - 8.5%
- Committed to balance sheet strength; issued 920,000 common shares raising approximately \$46.7 million, before issuance costs, in the third quarter

### Commitment to Sustainability

- Linking sustainability to strategic planning
- Published 2021 Corporate Sustainability and Responsibility Report



(1) Weighted average common shares outstanding at September 30, 2021 reflect the issuance of 920,000 common shares during the third quarter

# Recently Issued Corporate Sustainability & Responsibility Report

**Advancing several key strategies ensuring a sustainable and prosperous future**

## **Our Carbon Reduction Commitment**

In 2021, we committed to reducing Company-wide greenhouse gas emissions by at least 50% by 2030 from a 2019 baseline, and to achieve net-zero emissions by 2050 – a commitment that aligns with the Paris Climate Agreement

## **Smart Transportation**

Transportation represents the greatest avenue for emissions reduction and a significant growth opportunity for the Company. Utility investment will support fueling infrastructure for millions of electric vehicles and compressed natural gas vehicles. Current regulatory proposals to invest in infrastructure supporting charging stations in NH and MA

## **Customer Engagement and Transformative Solutions**

Transition from traditional customer service offerings to more personalized options is a necessary step to fulfilling evolving customer expectations and advancing the grid

## **Regional Supply Opportunities**

Prioritizing the development of local infrastructure that supports resiliency, affordability, and opportunities to reduce methane emissions by adding local resources, including renewable natural gas (RNG), to our supply portfolio. Continuing to investigate and explore RNG opportunities with prospective producers, industry groups, and various experts

## **Diversity, Equity, and Inclusion (DEI)**

Strengthened commitment to DEI in 2021 with Company-wide education and an ongoing Employee Awareness Campaign; reinforcing our values and enhancing our ability to attract and retain the diverse talent needed for long-term success in the evolving energy landscape



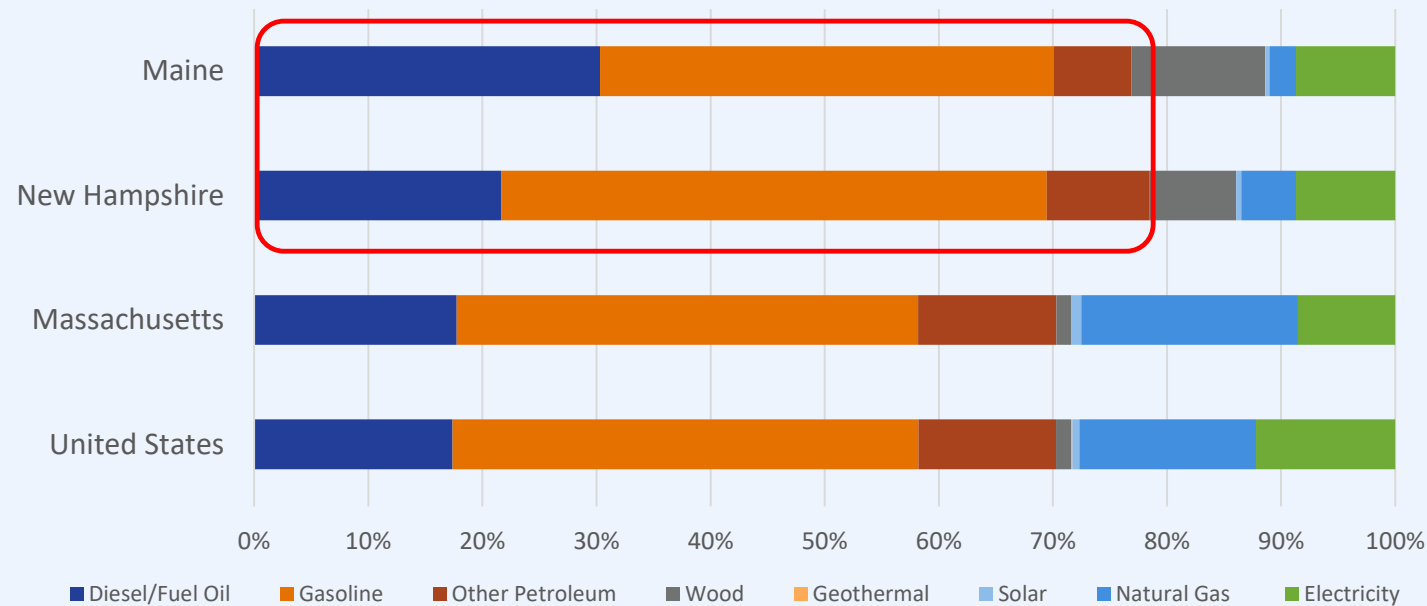
Report available at [www.unitil.com](http://www.unitil.com)

# Long-Term Growth Supported By Fuel Conversion Opportunities

Unitil's diverse customer base paired with the transition to lower carbon fuels presents long-term growth opportunities

## Residential and Transportation Energy Consumption, by Fuel (Trillion Btu)

*Converting heating and transportation fuels away from Diesel, Fuel Oil, and Gasoline to lower carbon alternatives with support from electrification and natural gas presents significant opportunities*

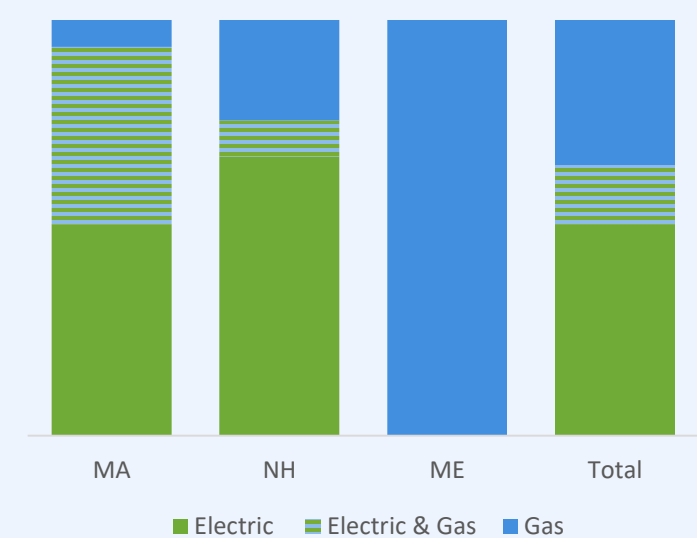


Source: U.S. Energy Information Administration (EIA), Table C5. Residential Sector Energy Consumption Estimates, 2019; and Table C8. Transportation Sector Energy Consumption Estimates, 2019

## Unitil Customer Mix

% of customers with Unitil as electric service provider

93% 76% 0% 65%



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

New Hampshire recently passed Senate Bill 86-FN which protects consumer energy choice by prohibiting towns and municipalities from barring or restricting the use of any available utility service or commercially available heating or energy system

# Third Quarter and Year-to-Date Financial Results

## Net Income and Earnings Per Share

### Breakeven Net Income in the third quarter of 2021

- Net Income decrease of \$0.3 million, or \$0.02 per share, relative to the third quarter of 2020
- Higher adjusted gross margins<sup>(1)</sup> offset by higher operating expenses than in the same period in 2020

### Year-to-Date 2021 Net Income of \$21.6 million, or \$1.42<sup>(2)</sup> per share

- Net Income increase of \$3.0 million, or \$0.17 per share, relative to the same nine month period of 2020
- Earnings growth reflect higher natural gas and electric adjusted gross margins<sup>(1)</sup> partially offset by higher operating expenses

	Three Months Ended September 30		Nine Months Ended September 30	
	2021	2020	2021	2020
Net Income (\$ millions)	\$0.0	\$0.3	\$21.6	\$18.6
Earnings Per Share	\$0.00	\$0.02	\$1.42	\$1.25



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

(2) Weighted average common shares outstanding at September 30, 2021 reflect the issuance of 920,000 common shares during the third quarter

# Electric Volume and Adjusted Gross Margin Variances

## Year-over-year variances in units, customers, and adjusted gross margin

2021 to 2020 (Year-to-Date)			
Unit Sales	Weather Normalized Unit Sales <sup>(1)</sup>	Customers	Adjusted Gross Margin <sup>(2)</sup>
2.0% Increase	2.3% Increase	0.6% Increase	4.9% Increase

### Unit Sales

- Higher C&I unit sales of 3.2% supported by customer growth and improving economic conditions
- Residential unit sales slightly higher than prior year reflects customer growth, partially offset by milder summer weather

### Adjusted Gross Margin<sup>(2)</sup> Increase \$3.4 Million

- Higher distribution rates and customer growth of \$3.4 million
- Customers served increased 652 over prior year

(1) Weather normal unit sales excludes decoupled sales

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



# Natural Gas Volume and Adjusted Gross Margin Variances

Year-over-year variances in units, customers, and adjusted gross margin

2021 to 2020 (Year-to-Date)			
Unit Sales	Weather Normalized Unit Sales <sup>(1)</sup>	Customers	Adjusted Gross Margin <sup>(2)</sup>
4.3% Increase	2.9% Increase	0.7% Increase	10.7% Increase

## Unit Sales

- Increase in unit sales primarily reflects the colder winter weather, which was 2.1% colder than 2020
- Customers served increased by 592 over prior year

## Adjusted Gross Margin<sup>(2)</sup> Increase \$8.9 Million

- Higher rates and customer growth of \$7.5 million
- Favorable effects of colder winter weather of \$1.4 million

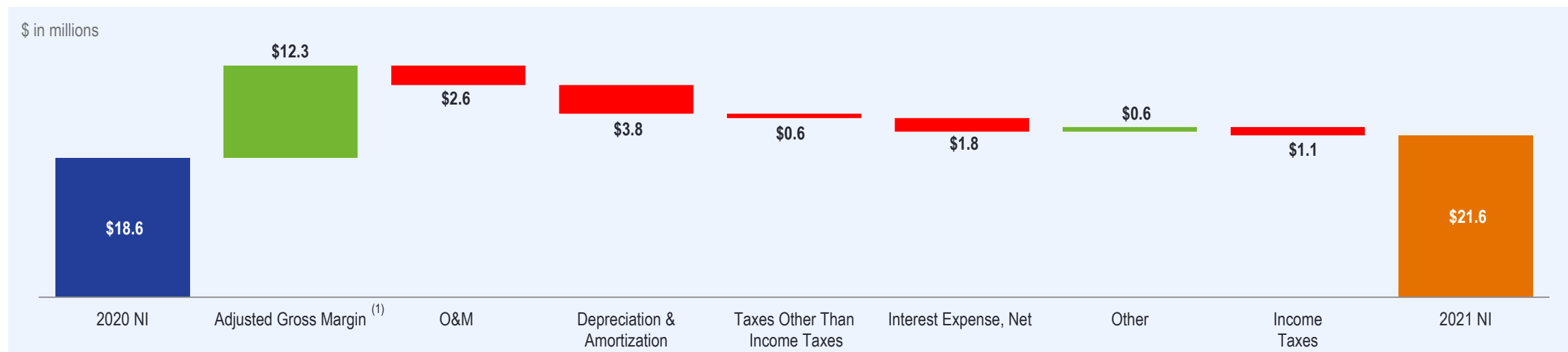
(1) Weather normal unit sales excludes decoupled sales

(2) Adjusted gross margin is a non-GAAP financial measure. Reconciliation 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 \$12.3 million as a result of higher rates, colder winter weather, and customer growth
- **Operating and Maintenance Expenses** increased \$2.6 million largely due to higher utility operating costs, higher labor costs, and lower professional fees
- **Depreciation and Amortization** increased \$3.8 million reflecting higher levels of utility plant in service and higher amortization
- **Taxes Other Than Income Taxes** increased \$0.6 million due to higher local property taxes on higher levels of utility plant in service and slightly higher payroll taxes
- **Net Interest Expense** increased \$1.8 million reflecting higher levels of long-term debt, partially offset by lower rates on lower levels of short-term borrowings
- **Other Expenses** decreased \$0.6 million reflecting lower retirement benefit and other costs
- **Income Taxes** increased \$1.1 million reflecting higher pre-tax earnings in the period



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

# New Hampshire Rate Case Filings

## Revenue Decoupling Proposals, Multi-Year Rate Plans, Retain New Customer Revenue

### Unitil Energy (NH Electric) rate case filed on April 2<sup>nd</sup>

- \$12.0 million base rate increase proposal; \$4.5 million temporary rates currently effective
- Supplemental testimony provided October 1<sup>st</sup> requesting recovery of late payments fees waived during the Pandemic
- Multi-year rate plan recovering non-growth investments made in 2021 – 2023
- Proposes EV related investments and time-of-use rate structure
- Schedule: intervenor testimony 11/18/2021, rebuttal testimony 01/25/2022, hearings scheduled for February 2022

### Northern (NH Gas) rate case filed August 2<sup>nd</sup>

- \$7.8 million base rate increase proposal; \$2.6 million temporary rate effective Q4 2021
- Filing requests recovery of late payment fees waived during the Pandemic
- Multi-year rate plan recovering non-growth investments made in 2021 – 2023
- Schedule: intervenor testimony 04/01/2022, rebuttal testimony 05/17/2022, hearings scheduled for June 2022

82%

Expected customers under Decoupled Rate Structures after NH rate filings



24%

Customers currently under Decoupled Rate Structures

### Regulatory Timeline



April 2, 2021 UES  
Base Rate Case Filed



August 2, 2021 Northern  
NH Base Rate Case  
Filed



Temporary Rates Effective  
UES - \$4.5 million 6/1/2021  
Northern - \$2.6 million 10/1/2021

### First Half, 2022

UES rate case order  
received and new base  
rates take effect



### Second Half, 2022

Northern rate case order  
received and new base  
rates take effect



### 2023 →

Rate plans ongoing and  
fully decoupled rates in  
effect



# Creating Long-Term Sustainable Value

**Growing, stable cash flows coupled with robust investment opportunities**



**Continued Growth in  
Electric and Natural  
Gas Distribution**

Vibrant local economies and capital investments supporting continued growth



**Investing in the Clean  
Energy Future**

Distribution system replacement and modernization, continuing operating efficiencies reducing greenhouse gas emissions consistent with our greenhouse gas reduction commitments



**Creating More Stable  
Adjusted Gross Margins  
and Earnings Growth**

Revenue decoupling de-risks sales volumes; multi-year rate structures and capital tracking mechanisms provide timely recovery of capital investments

**Sustainable Value Creation**

**6.5% - 8.5%**

Expected Long-Term Rate  
Base Growth

**5% - 7%**

Expected Long-Term EPS  
Growth

**55% - 65%**

Targeted Long-Term Dividend  
Payout Ratio

## 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 continue to be vital in providing 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	\$228 Million	7.1%
Unitil Energy Systems	\$107 Million	8.0%
Fitchburg Gas and Electric	\$91 Million	10.4%
Granite State Gas	\$20 Million	10.9%
<b>Unitil Corporation</b>	<b>\$410 Million</b>	<b>8.6%</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	\$7.8 (requested)	Q3 2022 (expected)
	Temporary Rate Case Increase <sup>(1)</sup>	\$2.6	Q3 2021
Northern Utilities (Maine)	Capital Tracker – 2021	\$1.1	Q2 2021
Unitil Energy Systems	Base Rate Case Increase	\$12.0 (requested)	Q2 2022 (expected)
	Temporary Rate Case Increase <sup>(1)</sup>	\$4.5	Q2 2021
Fitchburg (Electric)	Electric Capital Tracker	\$1.4	Q1 2021
Fitchburg (Gas)	Base Rate Case Award – 2021 <sup>(2)</sup>	\$0.9	Q1 2021
	Gas Capital Tracker – 2021	\$0.5	Q2 2021
Granite State Gas	Capital Tracker – 2021	\$0.1	Q3 2021

(1) Temporary Rates effective during pendency of Base Rate case; increases are subject to recoupment or refund

(2) Fitchburg Gas Base Rate Case Award reflects the deferred distribution rate increase pursuant to the approved Settlement Agreement in DPU 19-131

# GAAP Reconciliation of Adjusted Gross Margin

Three Months Ended September 30, 2021

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

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

Three Months Ended September 30, 2020 (\$ millions)

	Gas	Electric	Non-Regulated and Other	Total
Total Operating Revenue	\$ 27.5	\$ 59.9	\$ ---	\$ 87.4
Less: Cost of Sales	(9.5)	(35.4)	---	(44.9)
Less: Depreciation and Amortization	(7.5)	(6.0)	(0.2)	(13.7)
GAAP Gross Margin	10.5	18.5	(0.2)	28.8
Depreciation and Amortization	7.5	6.0	0.2	13.7
Adjusted Gross Margin	\$ 18.0	\$ 24.5	\$ ---	\$ 42.5

# GAAP Reconciliation of Adjusted Gross Margin

Nine Months Ended September 30, 2021

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

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

## Nine Months Ended September 30, 2020 (\$ millions)

	Gas	Electric	Non-Regulated and Other	Total
Total Operating Revenue	\$ 131.4	\$ 170.3	\$ ---	\$ 301.7
Less: Cost of Sales	(48.1)	(100.3)	---	(148.4)
Less: Depreciation and Amortization	(22.3)	(17.8)	(0.6)	(40.7)
GAAP Gross Margin	61.0	52.2	(0.6)	112.6
Depreciation and Amortization	22.3	17.8	0.6	40.7
Adjusted Gross Margin	\$ 83.3	\$ 70.0	\$ ---	\$ 153.3