



## FINANCIAL AND STRATEGIC UPDATE

Fourth Quarter and Fiscal Year 2021

February 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.

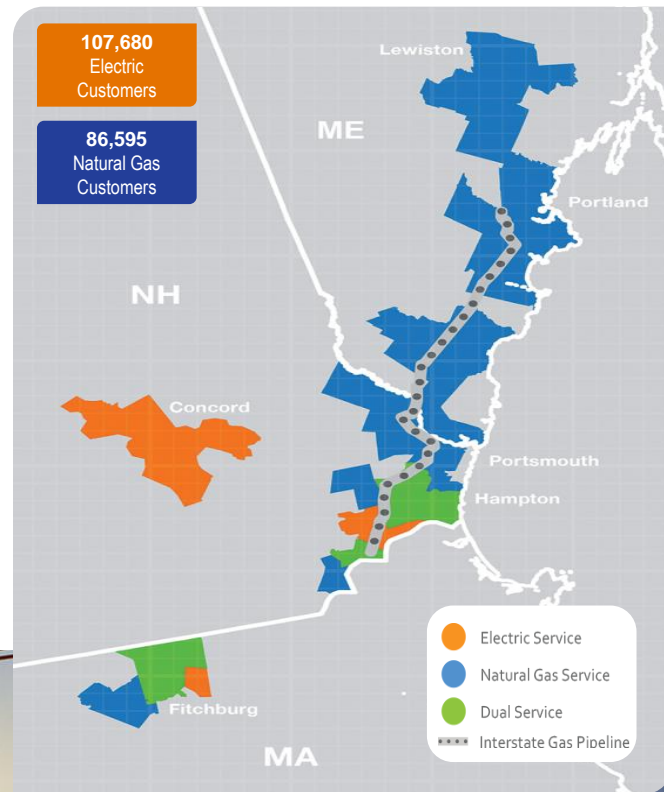
This presentation contains Non-GAAP measures. The Company’s management believes these measures are useful in evaluating its performance. Reconciliations of Non-GAAP financial measures to the most directly comparable GAAP financial measures can be found herein.

# About Unitil

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

**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**



# Financial Results and Strategic Update

## Strong financial results and continued execution of strategic plan

### Strong Positive Financial Results

- 2021 Net Income of \$36.1 million or \$2.35 per share<sup>(1)</sup>
  - \$0.20 per share increase

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

- Achieved 9.3% EPS growth over 2020
- EPS growth expected above the high end of the range for the next two years

### Continued Operational Excellence

- Customer Satisfaction remains at an all-time high
- Once again received EEI Mutual Assistance Award
- Gas response time remains well below industry average

### Solid Capital Investment Outlook

- Maintain expected long-term Rate Base growth of 6.5% - 8.5%
- Committed to balance sheet strength

### Commitment to Sustainability

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



(1) Weighted average common shares outstanding at December 31, 2021 reflect the issuance of 920,000 common shares during the third quarter

# Fourth Quarter and Fiscal Year 2021 Financial Results

## Net Income and Earnings Per Share

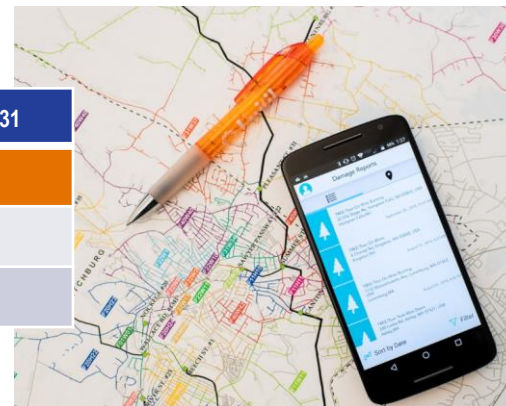
### Net Income of \$14.5 million in the fourth quarter of 2021, or \$0.93 per share<sup>(1)</sup>

- Net Income increase of \$0.9 million, or \$0.03 per share, relative to the fourth quarter of 2020
- Higher adjusted gross margins<sup>(2)</sup> than in the same period in 2020

### Fiscal year 2021 Net Income of \$36.1 million, or \$2.35 per share<sup>(3)</sup>

- Net Income increase of \$3.9 million, or \$0.20 per share, relative to fiscal year 2020
- Earnings growth reflect higher natural gas and electric adjusted gross margins<sup>(1)</sup> partially offset by higher operating expenses

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
Net Income (\$ millions)	\$14.5	\$13.6	\$36.1	\$32.2
Earnings Per Share	\$0.93	\$0.90	\$2.35	\$2.15



(1) Fourth quarter EPS is calculated by subtracting fiscal year 2021 EPS by reported Year-to-Date ended September 30<sup>th</sup>, 2021 EPS of \$1.42

(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

(3) Weighted average common shares outstanding at December 31, 2021 reflect the issuance of 920,000 common shares during the third quarter

# Electric Volume and Adjusted Gross Margin Variances

Variances in units, customers, and adjusted gross margin

2021 to 2020			
Unit Sales	Weather Normalized Unit Sales <sup>(1)</sup>	Customers	Adjusted Gross Margin <sup>(2)</sup>
2.2% Increase	2.5% Increase	0.6% Increase	4.8% Increase

## Unit Sales

- Higher C&I unit sales of 3.5% supported by customer growth and improving economic conditions
- Residential unit sales slightly higher than prior year reflects customer growth

## Adjusted Gross Margin<sup>(2)</sup> Increase \$4.5 Million

- Higher distribution rates and customer growth of \$4.5 million
- Customers served increased 603 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

Variances in units, customers, and adjusted gross margin

2021 to 2020			
Unit Sales	Weather Normalized Unit Sales <sup>(1)</sup>	Customers	Adjusted Gross Margin <sup>(2)</sup>
3.3% Increase	2.8% Increase	1.2% Increase	8.6% Increase

## Unit Sales

- Increase in unit sales primarily reflects customer growth and the colder peak winter weather
- Customers served increased by 1,021 over prior year

## Adjusted Gross Margin<sup>(2)</sup> Increase \$10.5 Million

- Higher rates and customer growth of \$9.4 million
- Favorable effects of colder winter weather of \$1.1 million

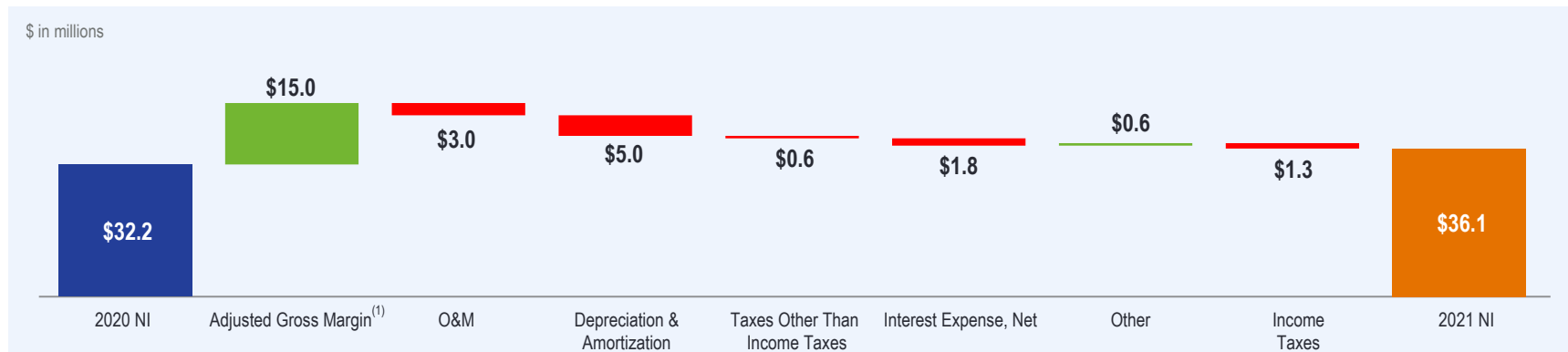
(1) Weather normal unit sales excludes decoupled sales

(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

# Fiscal Year Earnings Reconciliation

## Variances to prior period earnings

- **Adjusted Gross Margin<sup>(1)</sup>** increased \$15.0 million as a result of higher rates, colder winter weather, and customer growth
- **Operating and Maintenance Expenses** increased \$3.0 million largely due to higher utility operating costs and higher labor costs
- **Depreciation and Amortization** increased \$5.0 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 \$1.3 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 revenues

## Unitil Energy (NH Electric) hearings scheduled for February 14<sup>th</sup> and 15<sup>th</sup> 2022

- All parties have reached a comprehensive settlement agreement in principle on final rates, subject to approval by the NHPUC
- Multi-year rate plan recovering non-growth investments
- EV-related investments
- Revenue decoupling

## Northern (NH Gas) rate case filed August 2<sup>nd</sup>, 2022

- \$7.8 million base rate increase proposal; \$2.6 million temporary rate effective Q4 2021
- Multi-year rate plan recovering non-growth investments
- 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 →

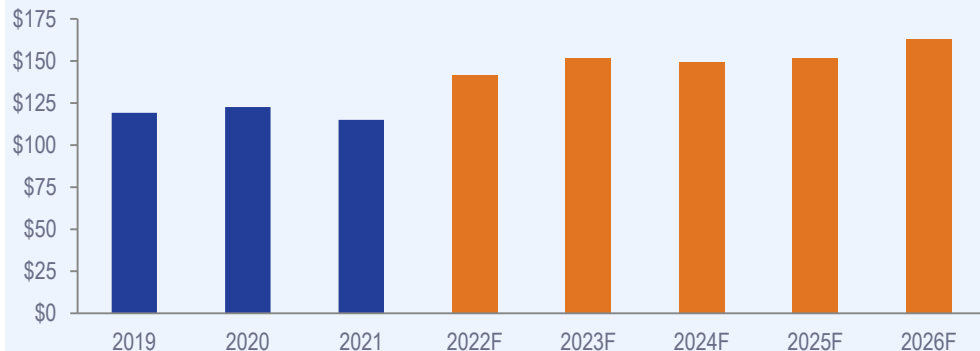
Rate plans ongoing and  
fully decoupled rates in  
effect



# Investment Plan Update

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

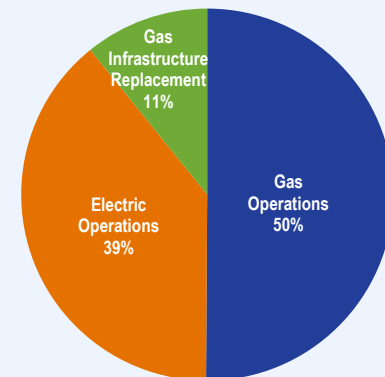
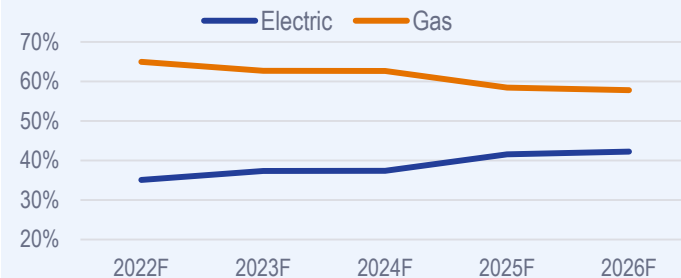
## Actual and Forecasted Capital Investment<sup>(1)</sup>



- Forecasting total investment of about \$755 million over the next 5 years supporting continued rate base growth in line 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

<sup>(1)</sup> The forecasted capital investment estimates include capitalized non-service retirement benefit costs which aren't reflected as investing activity for GAAP financial statements

## Five Year Investment Mix



# Focused on Maintaining a Strong Balance Sheet

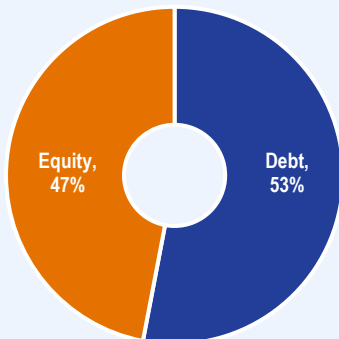
Capital requirements met through a diverse and balanced funding plan

## Balanced Long-Term Financing Plan

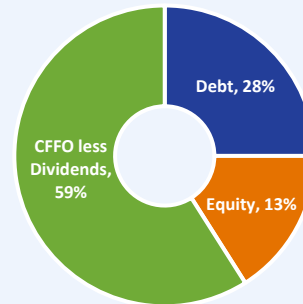
- Capital investments funded principally by Cash Flow From Operations less dividends
- Remaining needs are funded through Long-Term Debt and Common Equity to ensure a properly balanced capital structure
- Equity proceeds include secondary offerings, Dividend Reinvestment, and 401(k) proceeds
- Follow-on equity issuance in August strengthened the balance sheet, further supporting investment grade credit metrics
  - Increased equity capitalization to 47.0% relative to prior year equity capitalization of 42.3%

## Balanced Capital Structure

As of December 31, 2021

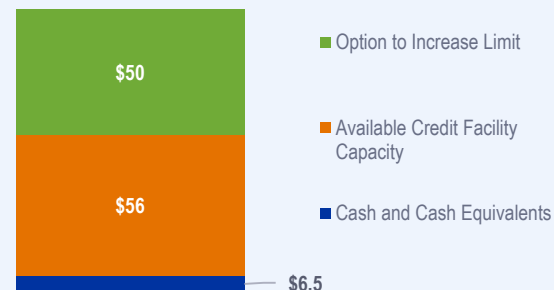


## Long-Term Financing Sources



## Available Liquidity

As of December 31, 2021



# Dividend Increase and Expected Payout

Increasing quarterly dividend to \$0.39 per share or \$1.56 on annualized basis<sup>(1)</sup>



## Accelerating rate of dividend increase

- Increasing the annualized common dividend by \$0.04 per share in 2022 after several years of \$0.02 per share annual increases
- Dividend increase reflects confidence in ability to execute on strategic plan
- Evaluate option to further accelerate dividend growth in future years as payout ratio declines

## Balancing dividend sustainability with capital investment opportunities

- Continue to target a long-term dividend payout ratio of 55% to 65%
- Decreasing payout ratio to support increasing investment plan while offering shareholders a steady and predictable return

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

(2) Reflects 2021 annualized dividend of \$1.52 divided by 2021 EPS of \$2.35

**\$1.56**

2022 Annualized Dividend <sup>(1)</sup>

**65%**

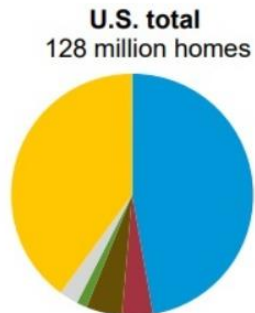
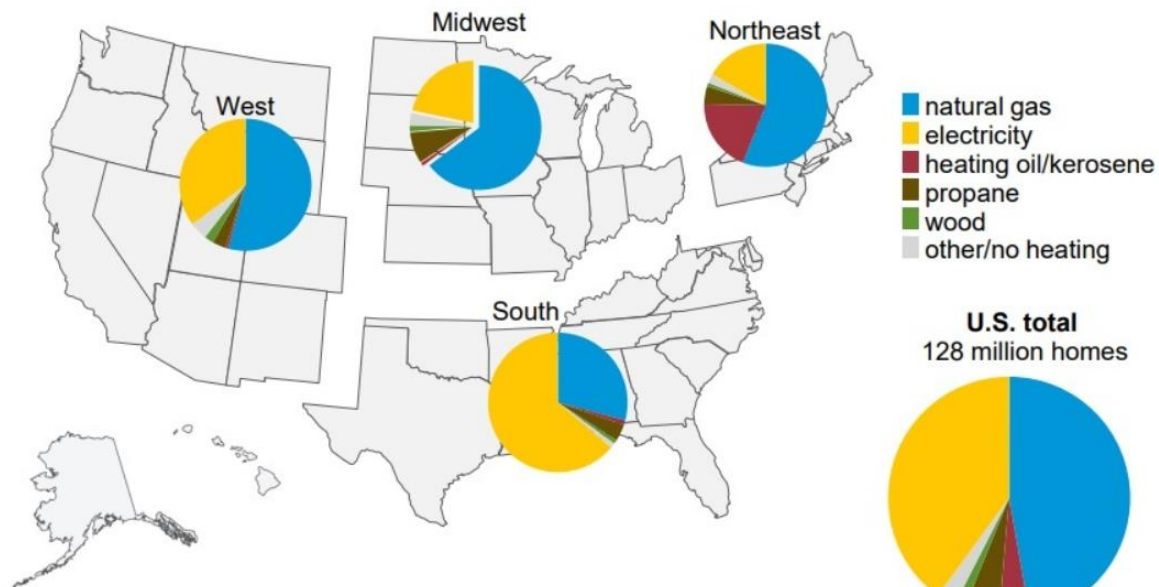
2021 Dividend Payout Ratio<sup>(2)</sup>

**55% - 65%**

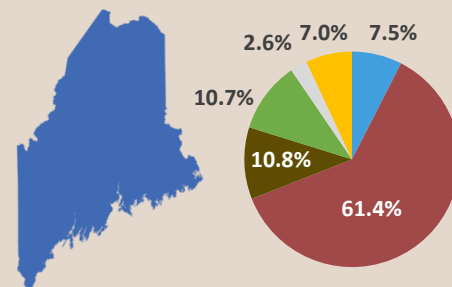
Long-Term Target Payout Ratio

# Fuels Used for Home Heating

Proportion of homes by primary space heating fuel and census region provides growth opportunities

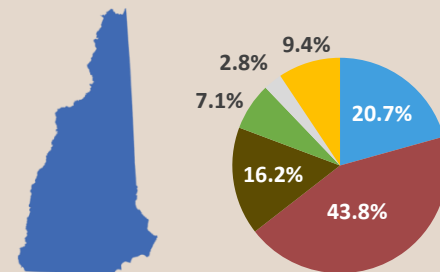


## Maine



Maine has the highest percentage of homes heated with fuel oil in the nation

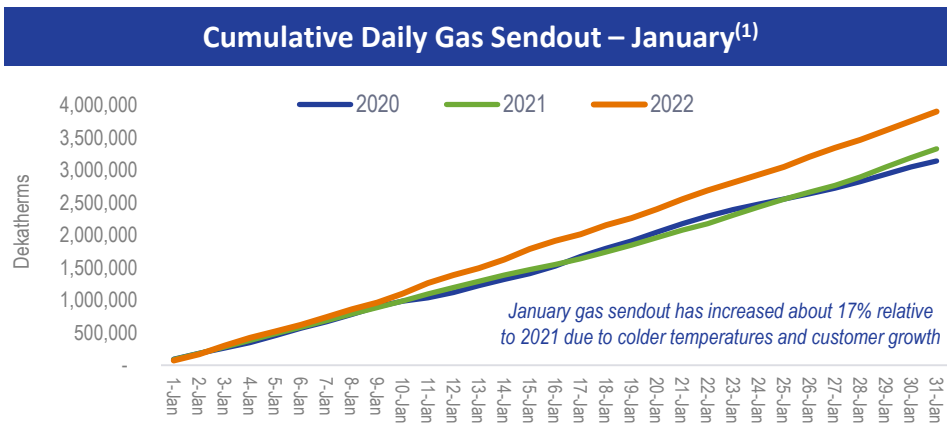
## New Hampshire



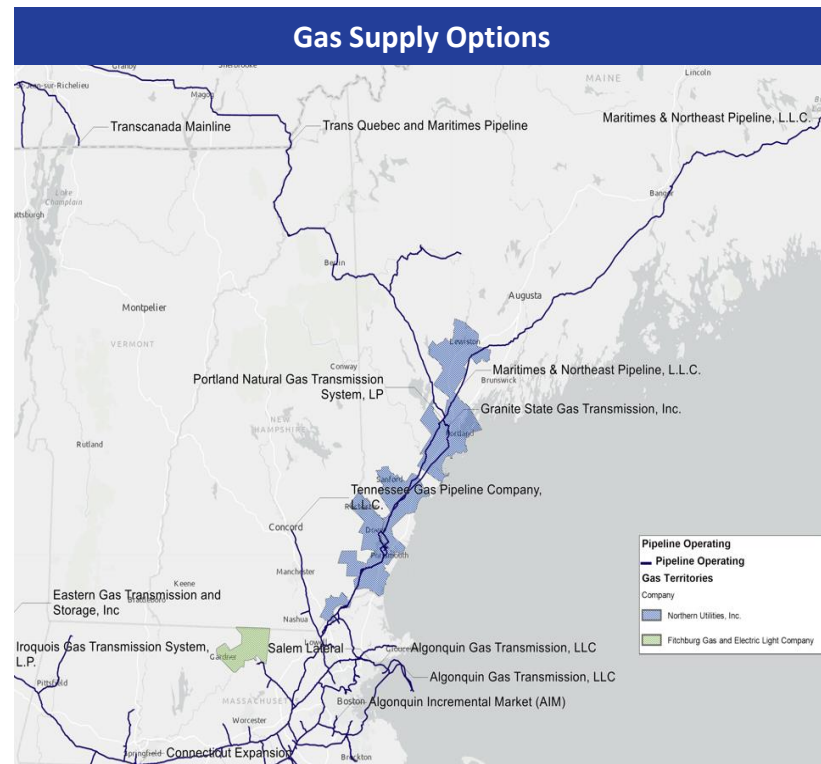
New Hampshire has the second highest percentage of homes heated with fuel oil in the nation

# Diverse Gas Supply

Even on the coldest New England days, sufficient gas supply to meet customer needs and growth strategy



(1) 2022 January data reflects actual daily sendout excluding January 31<sup>st</sup> which was estimated for illustrative purposes



Source: S&P Capital IQ

# Operational Excellence

Continuous improvement in safety and reliability



Awarded the Edison Electric Institute's Emergency Response Award for the fourth time in five years



Selected as a Leading Practice Company by the American Gas Association, recognizing superior emergency response and preparedness

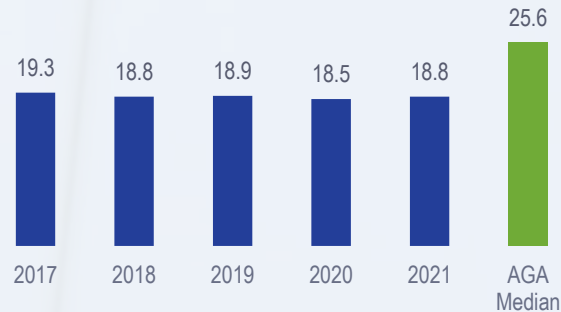


Recognized as a 2020 leader in accident prevention by the American Gas Association

Electric Reliability<sup>(1)</sup>



Gas Emergency Response<sup>(2)</sup>



New Mobile Command Center will improve response time and flexibility during storms and emergencies

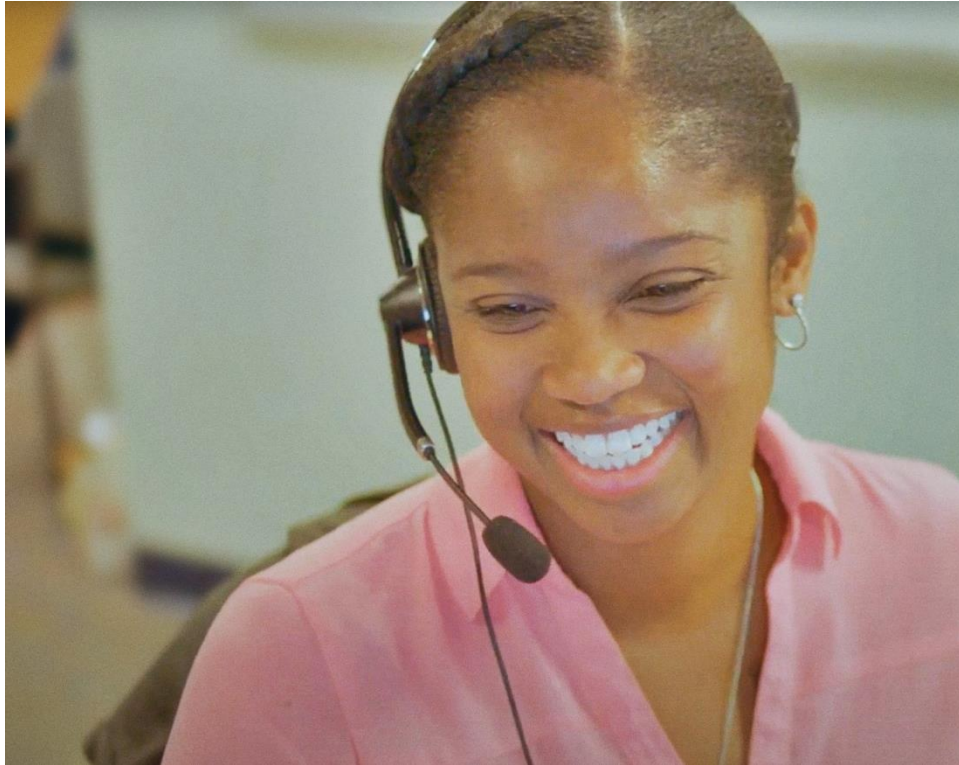


(1) System Average Interruption Duration Index (SAIDI) in minutes. Amounts shown are 5-year averages

(2) Average leak response time in minutes. AGA median reflects 2020 data

# Customer Satisfaction Exceeding Expectations

Treating Customers and Employees with respect is a top priority



## Customer Satisfaction

Continues to be at an all-time high

92%

## Customer Satisfaction

Exceeding regional and national benchmarks

1<sup>st</sup>

## Top-Ranked in the Northeast

Second year in a row

Top 20 of over  
110 Companies

National customer  
satisfaction ranking  
Second year in a row

*2020 and 2021 Survey Results Among Non-Collective Bargaining Employees*

# Low Risk Utility Creating Long-Term Sustainable Value

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

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 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	\$238 Million	6.9%
Unitil Energy Systems	\$111 Million	8.3%
Fitchburg Gas and Electric	\$97 Million	9.7%
Granite State Gas	\$20 Million	10.8%
<b>Unitil Corporation</b>	<b>\$419 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

Twelve Months Ended December 31, 2021

## Twelve Months Ended December 31, 2021 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 248.5	\$ 224.8	\$ ---	\$ 473.3
Less: Cost of Sales	(151.1)	(91.7)	---	(242.8)
Less: Depreciation and Amortization	(25.9)	(32.6)	(1.0)	(59.5)
GAAP Gross Margin	71.5	100.5	(1.0)	171.0
Depreciation and Amortization	25.9	32.6	1.0	59.5
Adjusted Gross Margin	\$ 97.4	\$ 133.1	\$ ---	\$ 230.5

## Twelve Months Ended December 31, 2020 (\$ millions)

	Electric	Gas	Non-Regulated and Other	Total
Total Operating Revenue	\$ 227.2	\$ 191.4	\$ ---	\$ 418.6
Less: Cost of Sales	(134.3)	(68.8)	---	(203.1)
Less: Depreciation and Amortization	(23.8)	(29.8)	(0.9)	(54.5)
GAAP Gross Margin	69.1	92.8	(0.9)	161.0
Depreciation and Amortization	23.8	29.8	0.9	54.5
Adjusted Gross Margin	\$ 92.9	\$ 122.6	\$ ---	\$ 215.5