



Fourth Quarter 2015
Earnings Conference Call

Financial and Other Information

January 28, 2016

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; variations in weather; long-term global climate change; 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, 2015.

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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

Unitil Overview



- Natural gas and electric utility with operations in Maine, New Hampshire and Massachusetts
 - Serving approximately 182,000 gas and electric customers
 - Utility operations sales margin split ~55% gas and ~45% electric
- Regulated T&D utility business model
- Growing operations and customers
 - Regulated electric and gas rate base growth
 - Robust natural gas system expansion
 - Constructive rate plans and cost trackers
- Attractive dividend yield
- Experienced management team

Unitil Service Areas



Q4 2015 Financial Results



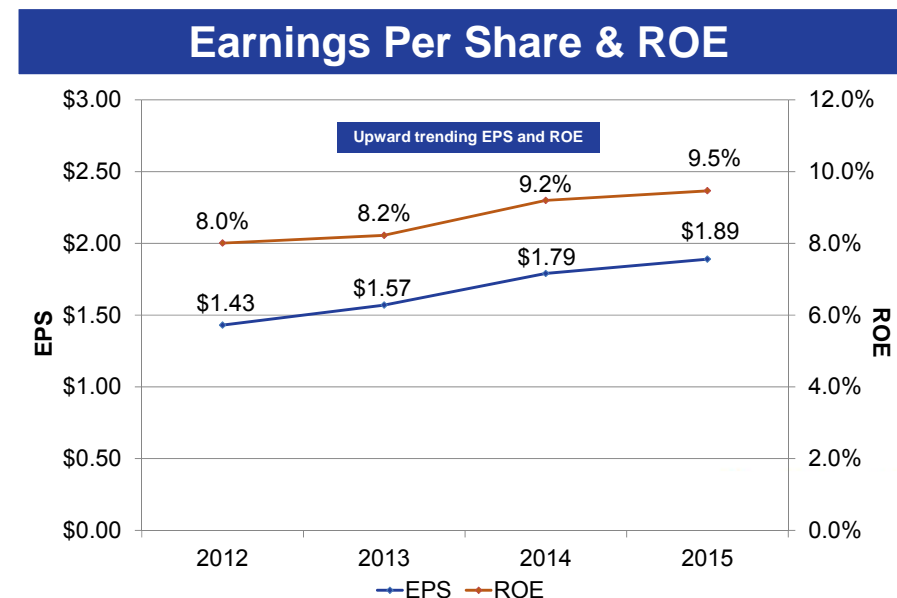
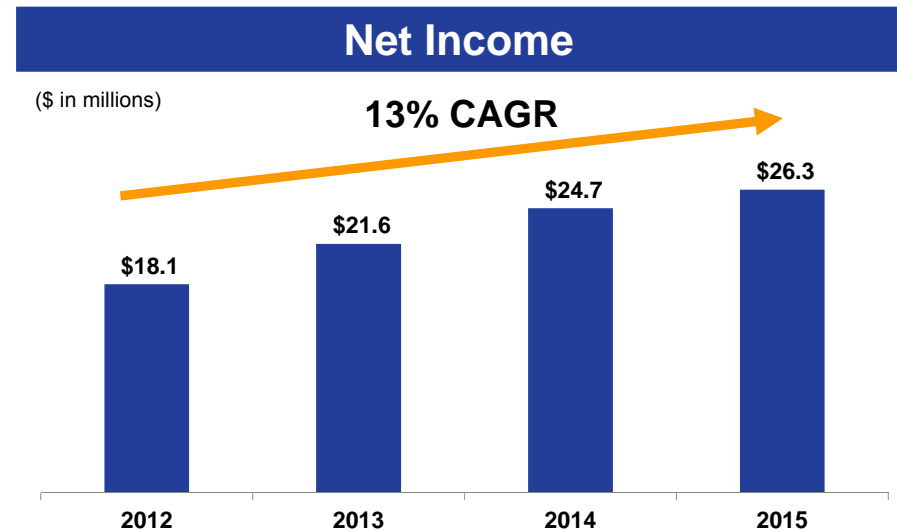
- 2015 net income of \$26.3 million, or \$1.89 per share
 - Increase of \$1.6 million, or \$0.10 per share, compared to 2014
 - Improved financial results driven by continued natural gas customer and sales growth and a successful regulatory agenda
- Fourth quarter 2015 net income of \$9.3 million, or \$0.67 per share
 - Earnings in the fourth quarter reflect warmer weather than the same period in the prior year

<i>(Millions except EPS)</i>	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
Net Income	\$9.3	\$9.4	\$26.3	\$24.7
Weighted-Average Common Shares Outstanding	13.9	13.9	13.9	13.8
Earnings Per Share	\$0.67	\$0.69	\$1.89	\$1.79

Recent Accomplishments



- Continued growth in both gas and electric businesses
- Invested a record \$104 million in capital in 2015
- Utility rate base growth
 - Gas distribution expansion and infrastructure replacement and upgrade projects
 - Electric reliability investments
- Constructive regulation
 - ~\$60 million of rate relief since 2010 (~50% increase to sales margin)
 - Recently filed for \$6.8 million in rate relief in Massachusetts

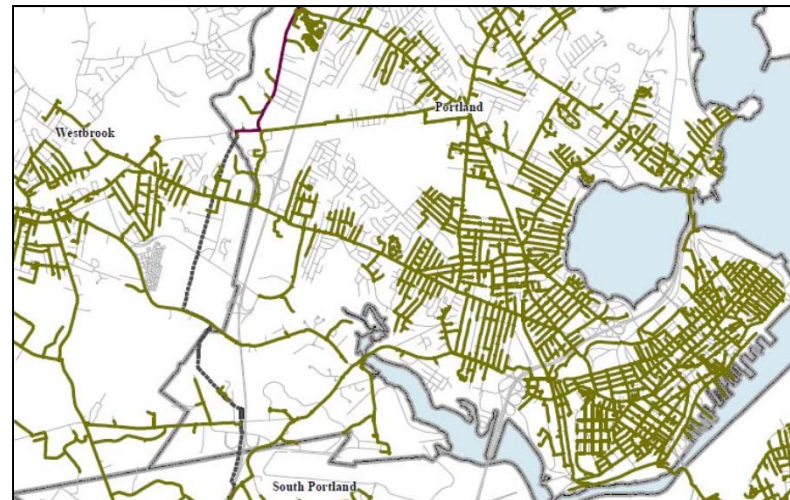


Organic Growth Initiatives



- Growing revenues and rate base
 - Historical gas customer growth of 2-3% continues to lead New England peers
 - Cast iron and bare steel replacement program is ongoing with majority of replacement and upgrades recovered annually through capital tracker mechanisms
 - Construction of two major electric substations in New Hampshire to provide capacity and enhance reliability
 - Grid modernization – 10 year plan in regulatory approval process in Massachusetts
 - Plan to implement a new customer information system in 2017

Portland, ME Cast Iron System Replacement



Substation Projects

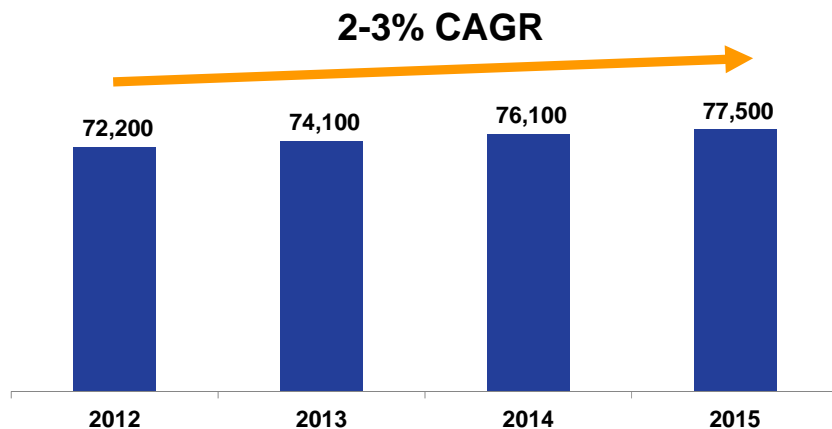


Gas Growth



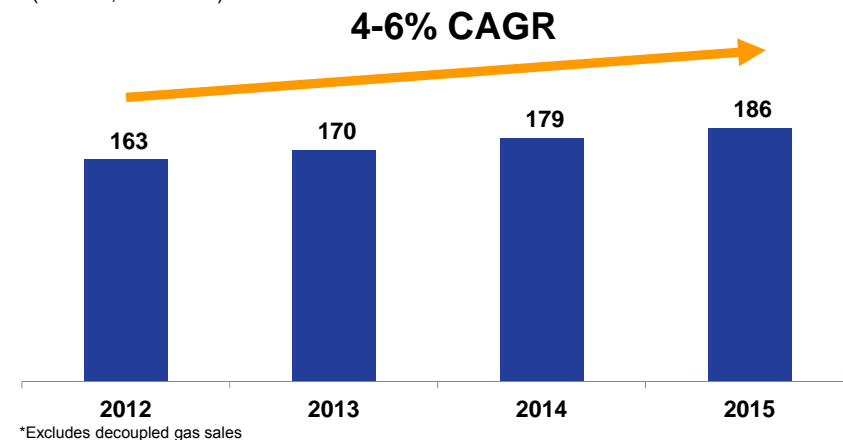
- Penetration rate of only 60%
- Historical customer additions of 2-3% annually since 2012
- Historical weather-normalized sales (excluding decoupled sales) of 4-6% annually since 2012
- Commercial and industrial weather-normalized sales (excluding decoupled sales) were up 8% in 2015 compared to 2014
- Targeted Area Buildout surcharge mechanism
 - Saco, ME pilot – potential new market of 1,000 customers and \$1 MM in distribution revenue

Average Gas Customer Count



Historical Weather-Normalized Sales*

(Therms, in millions)

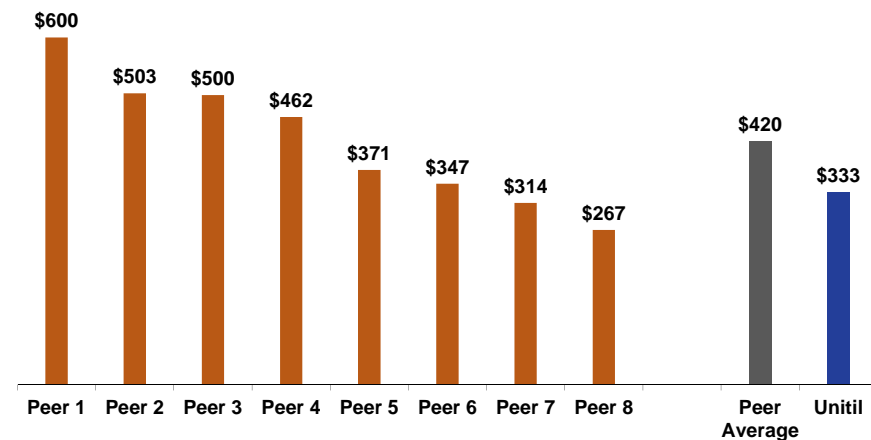


Cost Efficiency

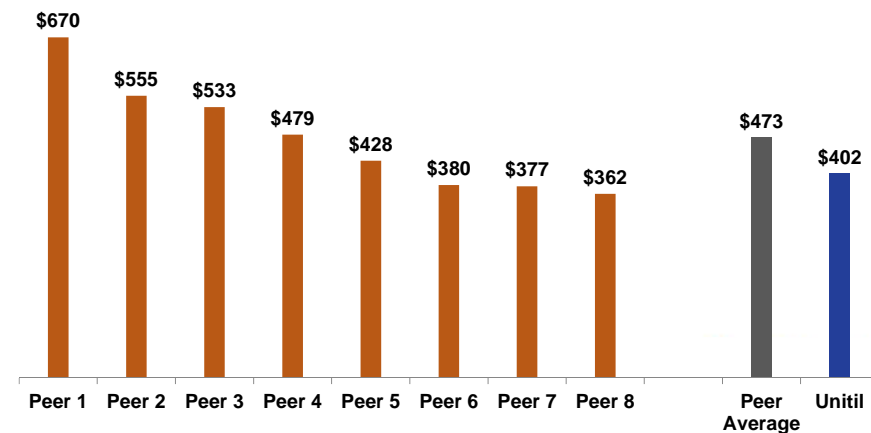


- Focused on greater cost efficiency
- Leveraging shared services model
- Process improvement
- Driving industry-leading best practices (i.e. vegetation management)
- Deploying enhanced technology, communication

2014 O&M Cost Per Customer - Electric



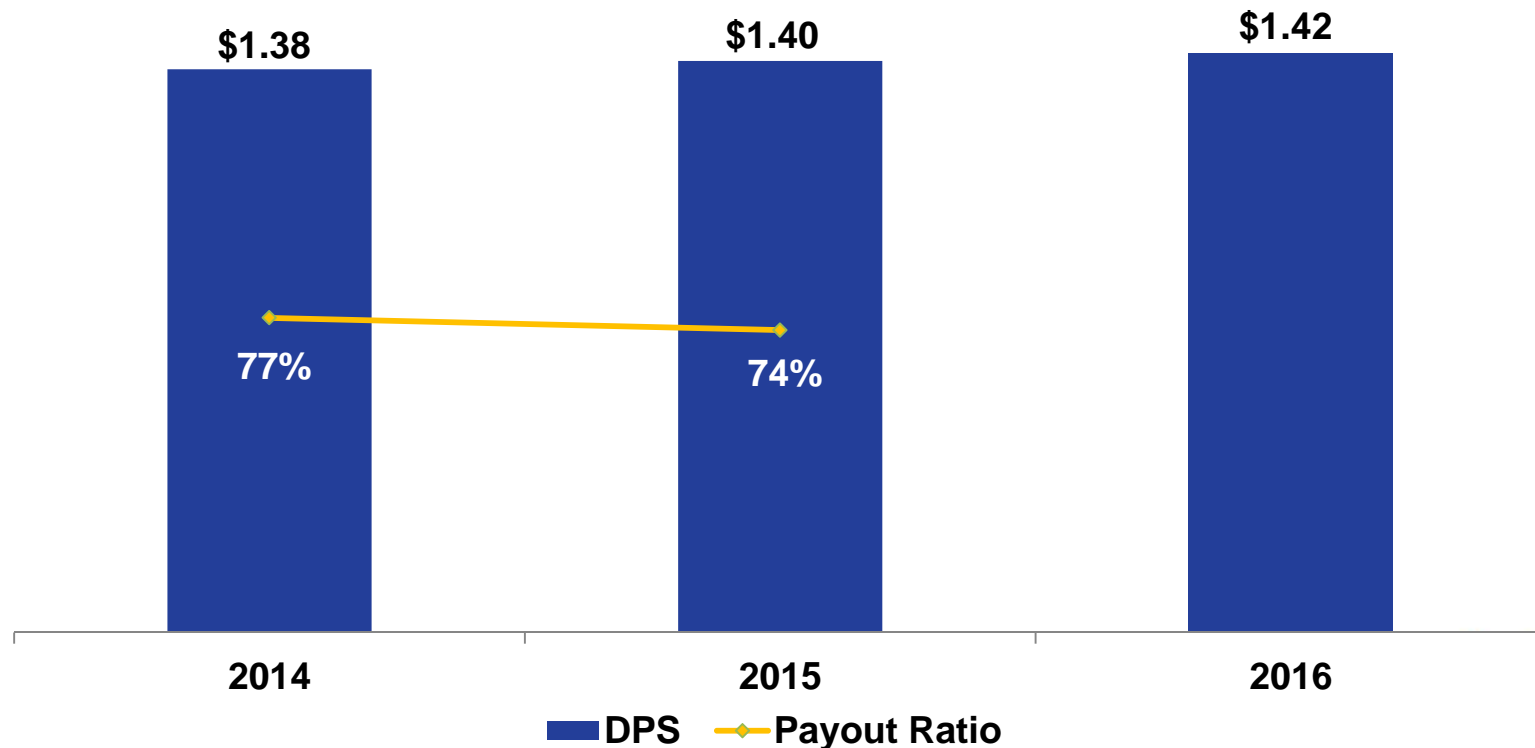
2014 O&M Cost Per Customer - Gas



2016 Dividend Increase



- On January 27, 2016, Unitil announced an increase in the quarterly dividend from \$0.3500 to \$0.3550 per share (annually from \$1.40 to \$1.42 per share)
- Achieved a 74% dividend payout ratio in 2015; down from 77% in 2014
- Unitil has continuously paid quarterly dividends and has never reduced its dividend rate



Usource

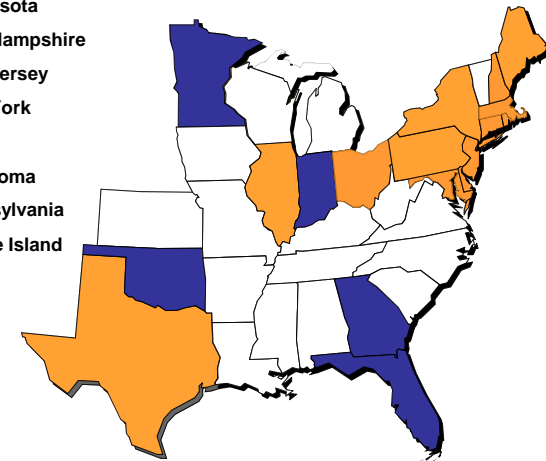


- Premier energy advisor to over 1,200 businesses
- Currently serves electricity and/or natural gas clients in 18 states

Usource Footprint

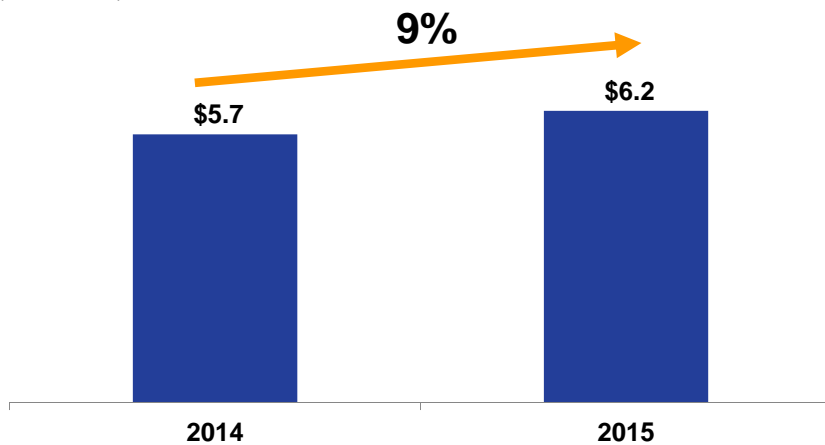
Connecticut	Minnesota
Delaware	New Hampshire
Florida	New Jersey
Georgia	New York
Illinois	Ohio
Indiana	Oklahoma
Maine	Pennsylvania
Maryland	Rhode Island
Massachusetts	Texas

Gas & Electric
Gas only



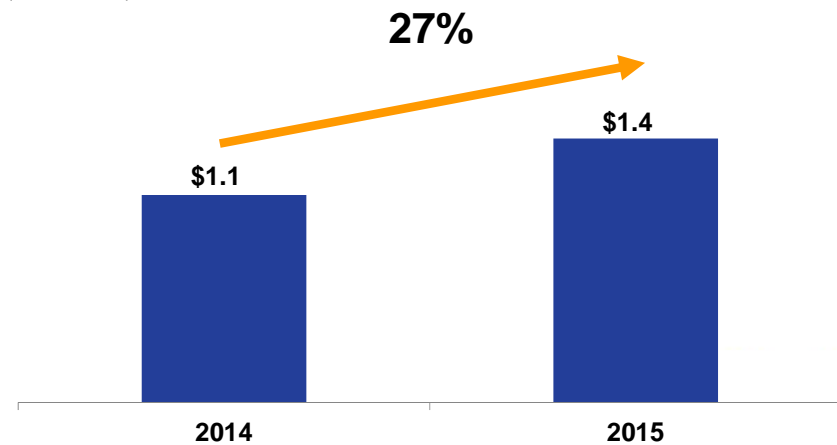
Revenue

(\$ in millions)



Earnings Contribution

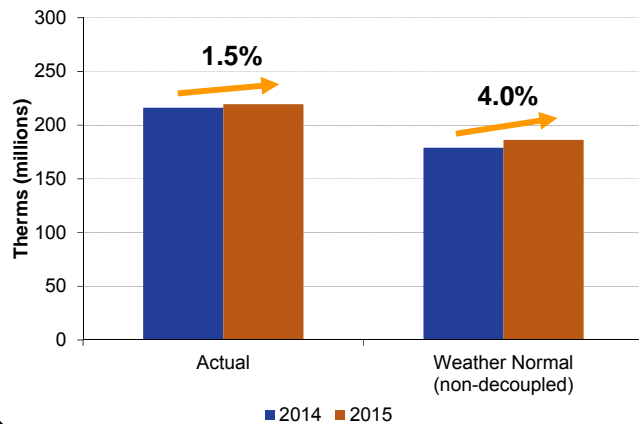
(\$ in millions)



Gas Unit Sales and Margin



Natural Gas Sales



Change

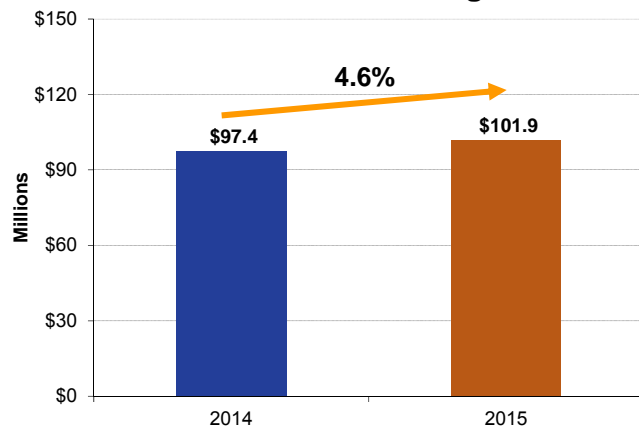


Key Performance Drivers

Unit Sales

- Heating degree days decreased 2.3% over prior year
- Growth in residential / C&I customers
- Increased customer usage

Natural Gas Sales Margin



Change

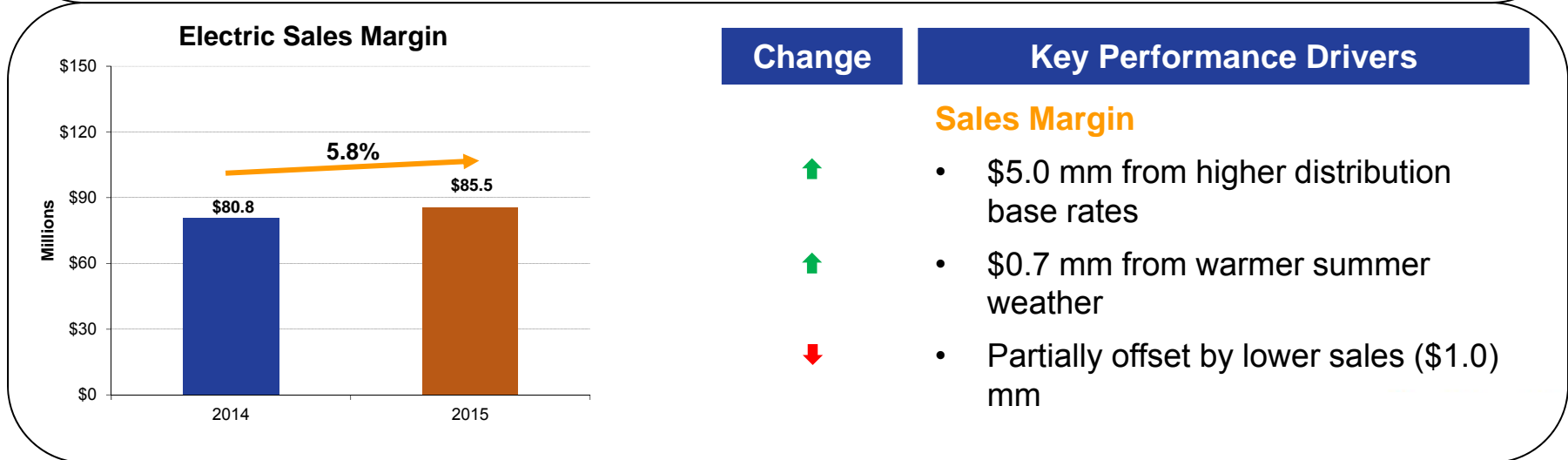
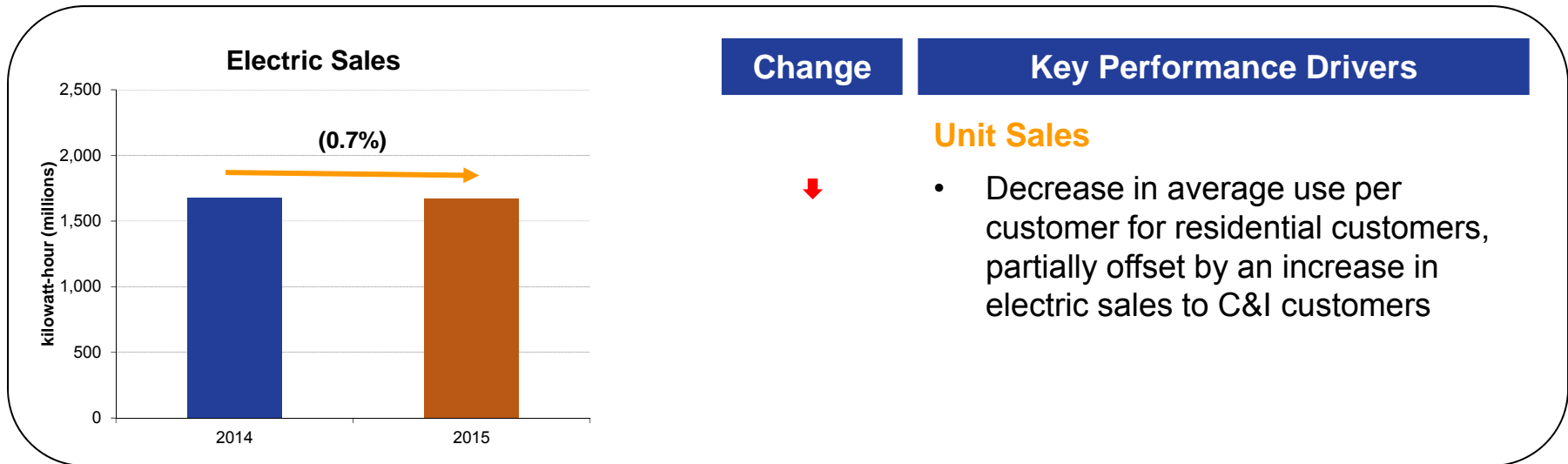


Key Performance Drivers

Sales Margin

- \$3.4 mm from higher distribution base rates and \$1.1 mm from higher sales volumes
- Weather-normalized C&I sales increased 8% compared to prior year
- Warmer weather negatively impacted EPS by an estimated \$0.03 compared to prior year

Electric Unit Sales and Margin



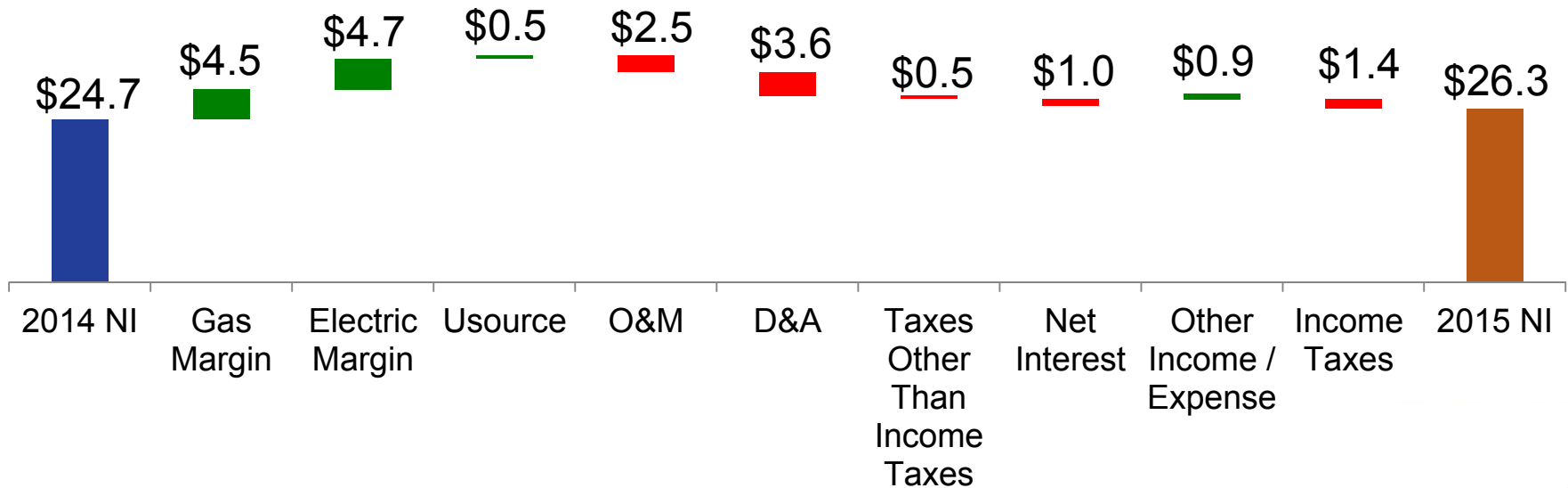
YTD Comparison: 2015 vs 2014



- Gas margin up \$4.5 million, or 4.6%
- Electric margin up \$4.7 million, or 5.8%
- Usource margin up \$0.5 million, or 8.8%
- O&M increase of \$2.5 million, or 3.9%
- D&A increase of \$3.6 million reflects higher depreciation on normal utility plant additions and higher amortization of major storm restoration costs
- Taxes Other Than Income Taxes increase of \$0.5 million primarily reflects higher local property tax expense
- Net Interest increase of \$1.0 million reflects higher levels of long-term debt and higher interest on regulatory liabilities
- Other Income/Expense favorable \$0.9 million reflecting gain on sale of property

Variance Analysis

(\$ in millions)



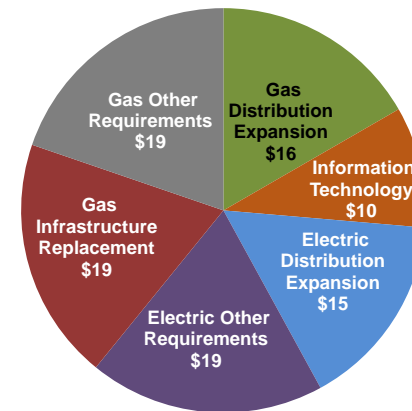
Capital Spending Forecast



- Total capital budget of \$98 million in 2016
 - Gas – \$54 million
 - Electric – \$34 million
 - Information technology – \$10 million
- Capital spending annual growth rate of 15% since 2012

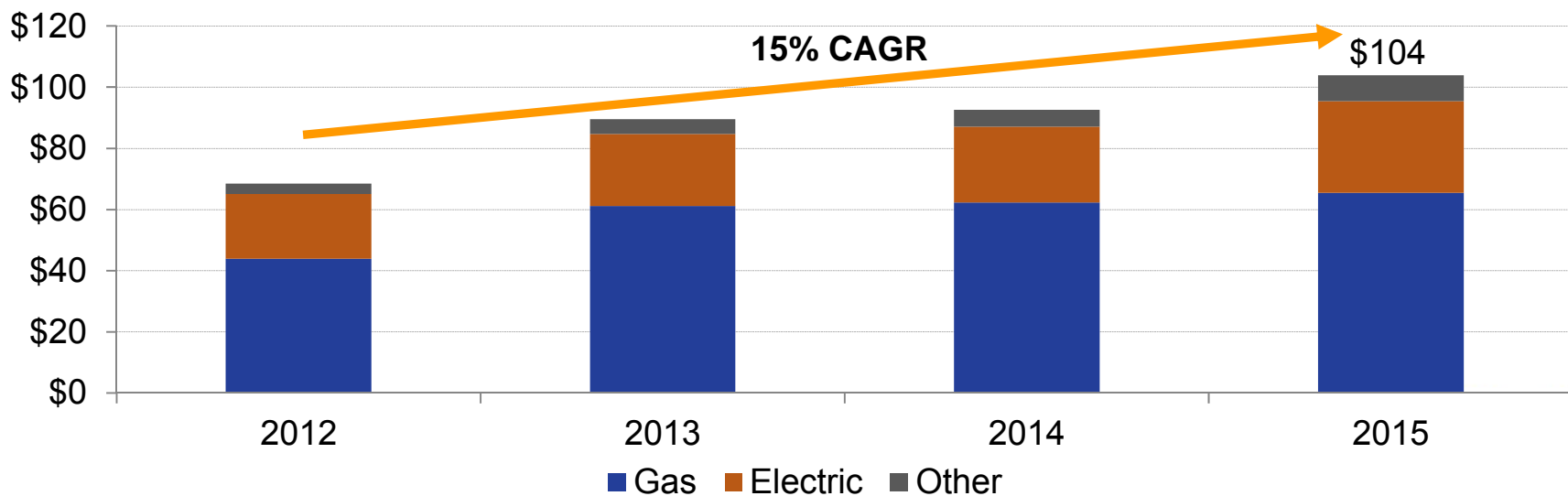
2016 Capital Spending (\$98 million)

(\$ in millions)



Capital Spending

(\$ in millions)

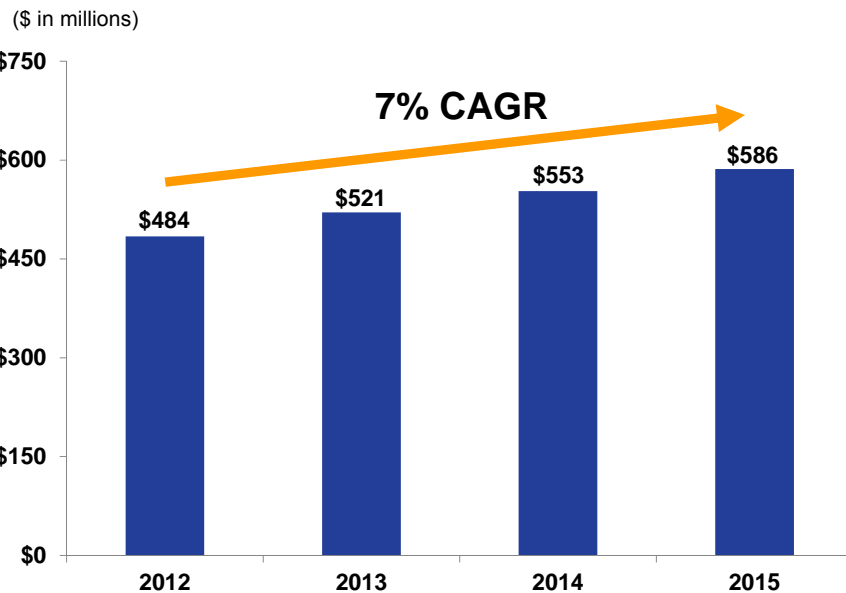


Rate Base Growth

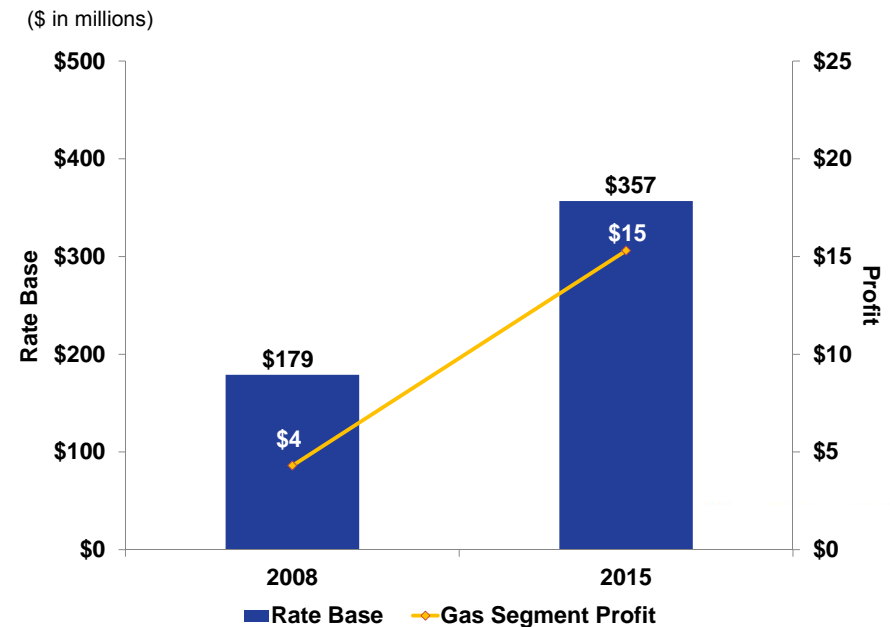


- Utility rate base growth of 7%
 - Gas distribution expansion
 - Infrastructure replacement and upgrade projects
 - Electric reliability and capacity investments
- Gas rate base has doubled and gas segment profit has nearly quadrupled since acquiring New Hampshire and Maine gas business

Gas & Electric Rate Base



Gas Rate Base & Profit



2015 Return on Equity



Subsidiary 2015 Return on Equity

Company	Average Common Equity	12/15 LTM ROE ⁽¹⁾
Northern Utilities (New Hampshire)	\$122.9	9.9%
Northern Utilities (Maine)		
Unitil Energy	\$73.8	9.8%
Fitchburg (Electric)	\$68.2	5.0%
Fitchburg (Gas)		
Granite State	\$12.4	9.7%
Unitil Corporation	\$277.9	9.5%

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

Authorized ROE Range of 9.20%-9.75%

Rate Plans and Cost Trackers

Northern Utilities (New Hampshire Gas)

- Capital tracker adjustment of ~\$1.8 million effective May 1, 2015

Northern Utilities (Maine Gas)

- Capital tracker adjustment of ~\$1.2 million effective May 1, 2015
- Estimated capital tracker adjustments of ~\$1 million effective May 1, 2016 and 2017

Fitchburg (Massachusetts Gas)

- Capital tracker adjustment of ~\$0.3 million effective May 1, 2015
- Long-term capital tracker expected to provide estimated rate adjustments of ~\$0.5 million effective May 1 annually

Granite State (FERC Pipeline)

- Capital tracker adjustment of ~\$0.4 million effective August 1, 2015
- Estimated capital tracker adjustments of ~\$0.3-\$0.4 million effective August 1, 2016 and 2017

Massachusetts Rate Cases



- Fitchburg Electric (Massachusetts) base rate case filed in June of 2015
 - 2014 test year
 - Revenue deficiency of \$3.8 million
 - Rate base of \$57.3 million
 - Capital structure reflects 53% equity ratio and a 10.25% requested ROE
 - Filing includes a multi-year rate plan for recovery of future capital additions
 - Expect rate case decision and permanent rates in the second quarter of 2016
- Fitchburg Gas (Massachusetts) base rate case filed in June of 2015
 - 2014 test year
 - Revenue deficiency of \$3.0 million
 - Rate base of \$57.5 million
 - Capital structure reflects 53% equity ratio and a 10.25% requested ROE
 - Complemented by existing capital tracker rate plan associated with replacement of aging natural gas pipeline infrastructure
 - Expect rate case decision and permanent rates in the second quarter of 2016

Key Investment Highlights



- Regulated 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