



Second Quarter 2019
EARNINGS CONFERENCE CALL

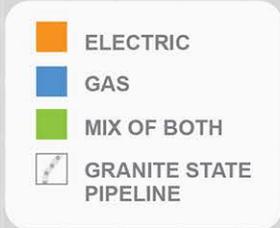
Financial and Other Information | July 25, 2019

SAFE HARBOR PROVISION

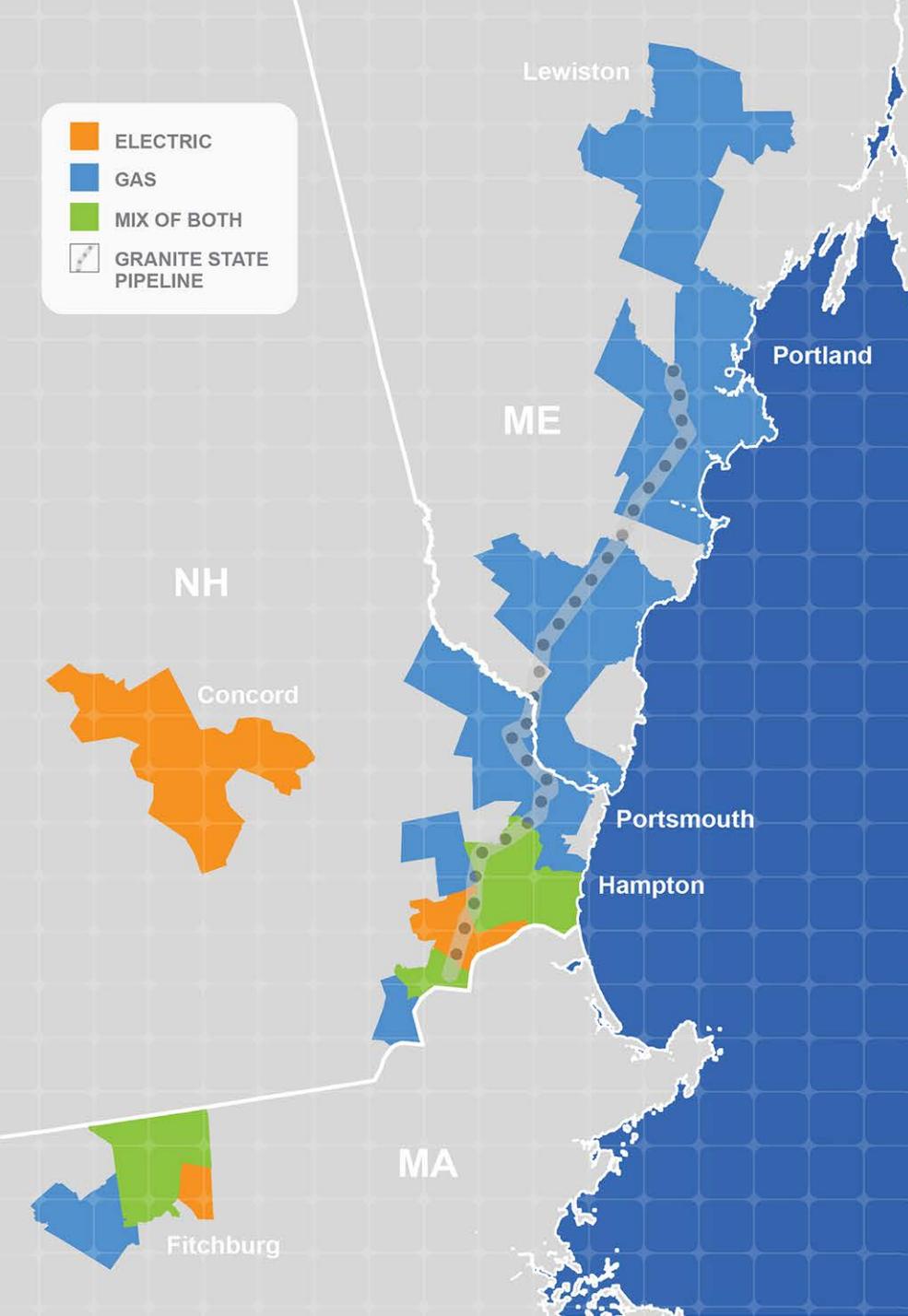
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These forward-looking statements are neither promises nor guarantees, but involve risks and uncertainties that could cause the actual results to differ materially from those set forth in the forward-looking statements. Those risks and uncertainties 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 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, 2018.

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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 billion
 - Gas 65%, Electric 35%
 - NH 44%, ME 31%, MA 25%
- Growing customer base

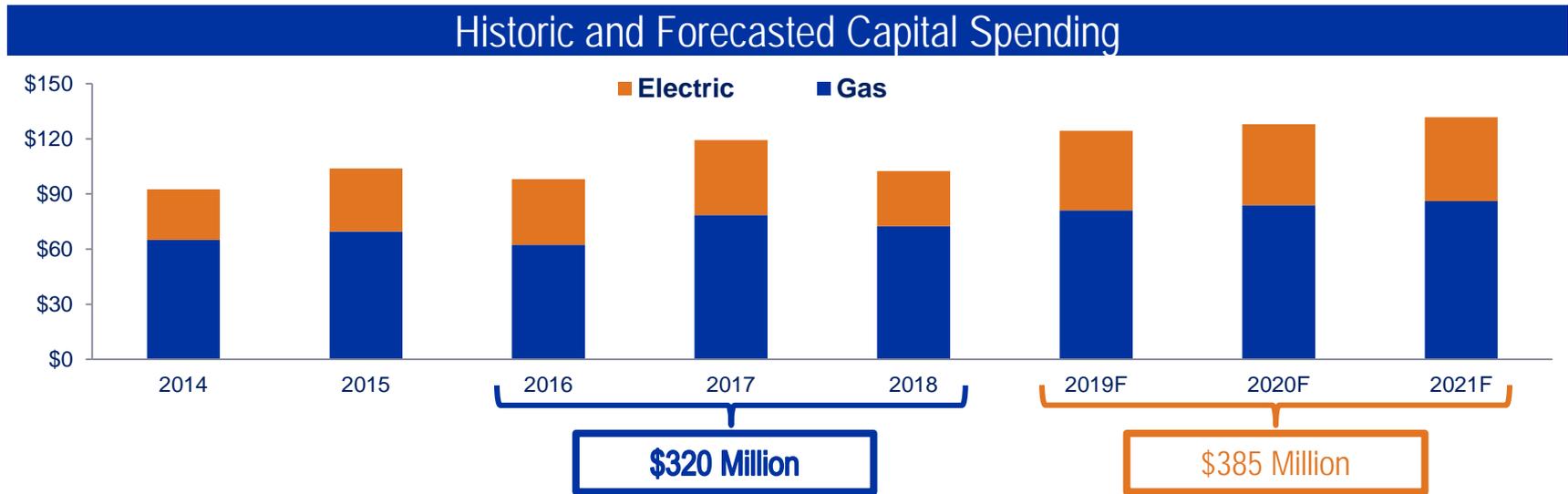
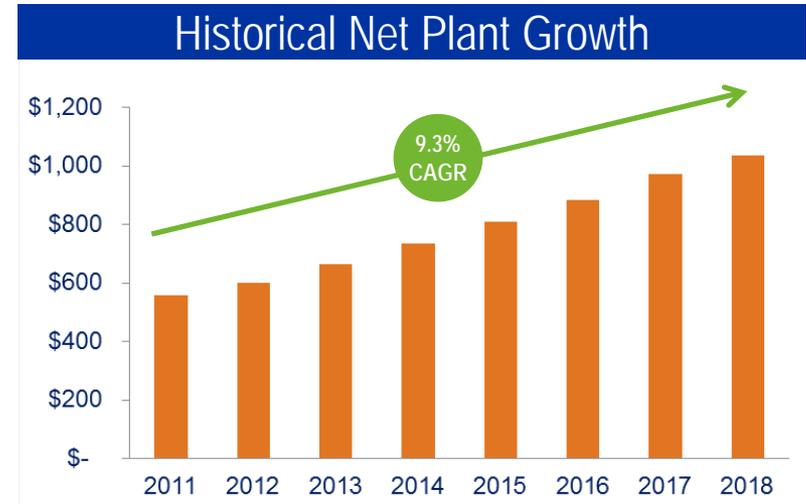
Q2 2019 FINANCIAL RESULTS

- Second quarter 2019 Net Income of \$4.0 million, or \$0.27 per share
 - Increase of \$0.4 million compared to 2018 an increase of 11.1% or \$0.03 per share
- In Q1 the Company recognized a one-time net gain of \$9.8 million, or \$0.66 in EPS, on the divestiture of its non-regulated business subsidiary, Usource
 - Excluding the one-time gain, income was higher by \$1.5 million an increase of 7.8% or \$0.09 per share compared to the first six months of 2018
 - Usource had historically contributed \$0.02 to \$0.03 per share to earnings each quarter

	Three Months Ended June 30,		Six Months Ended June 30,	
(millions excluding EPS)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net Income	\$4.0	\$3.6	\$30.5	\$19.2
Earnings Per Share	\$0.27	\$0.24	\$2.05	\$1.30

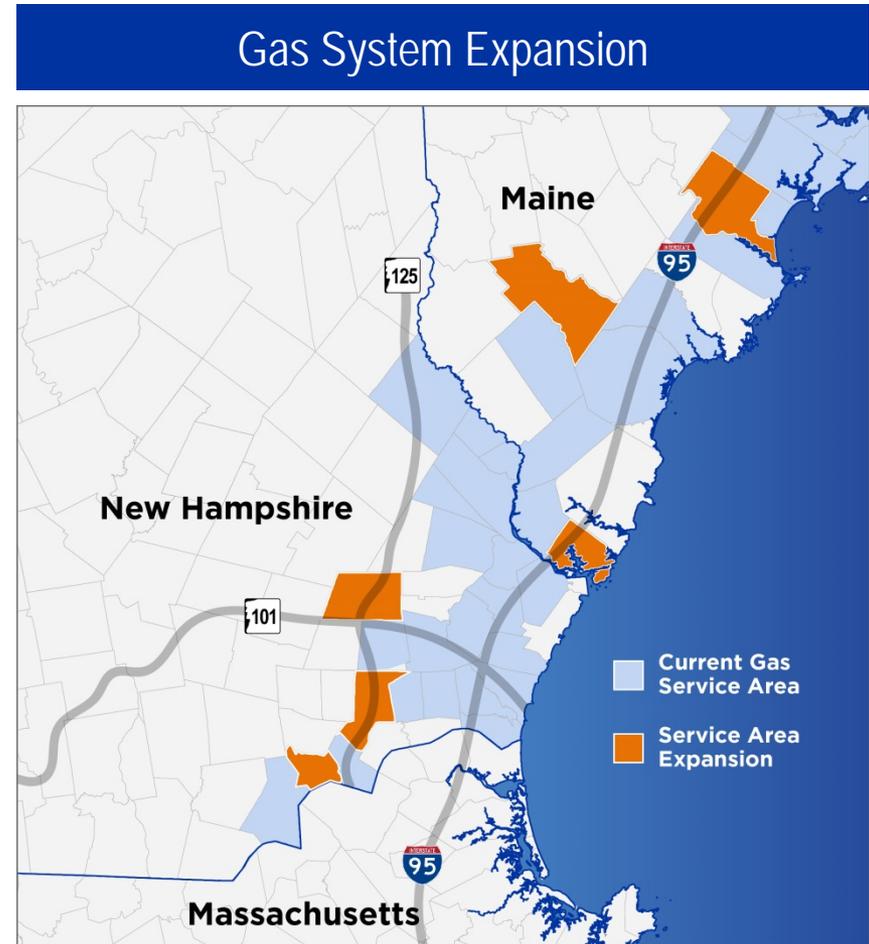
INVESTMENT OPPORTUNITIES

- Increased capital spending program to support gas growth and distribution system modernization
- 20% more capital spending in 2019-2021 than compared to the prior three years
 - Forecasted investment should maintain strong net plant growth



EXPANSION OPPORTUNITIES

- NH gas franchise expansions
 - Construction planned or underway in three new franchise towns
- Target Area Buildout (TAB) progress
 - Saco, ME – Initial 3-year build-out complete; exceeded targeted customer additions
 - Sanford, ME – First year of build-out completed with installation of ~7 miles of new mains in the city's downtown
- Installed approximately 100 miles of new gas mains in the past 5 years

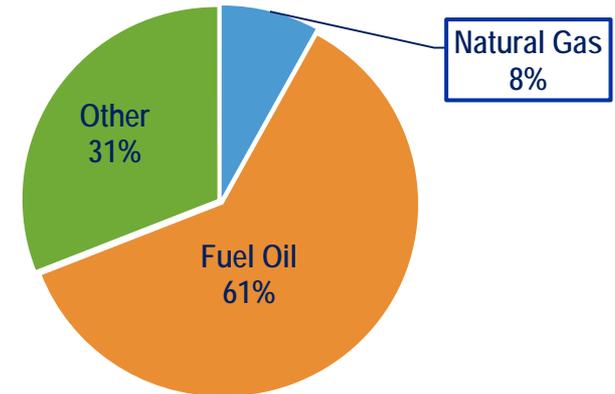


GAS CUSTOMER GROWTH

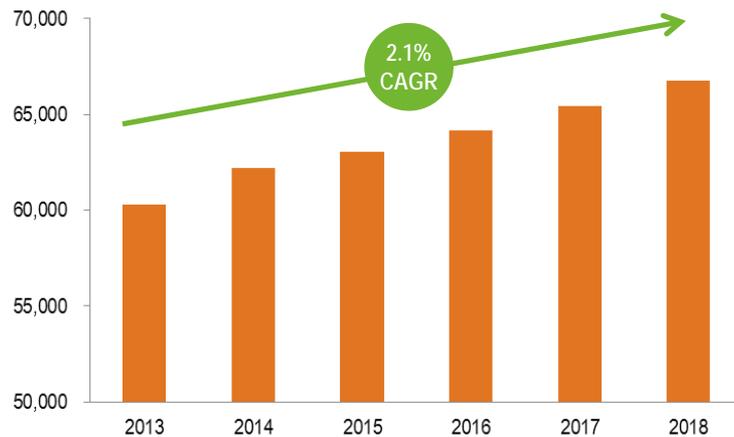
Natural Gas Opportunity

- Cleaner and more affordable than fuel oil
- Residential customer can save ~\$400 per year (23%) by converting from oil to gas
- Natural gas emits 27% less carbon than #2 fuel oil when used for heating
- Low on-the-main penetration rate of 62%

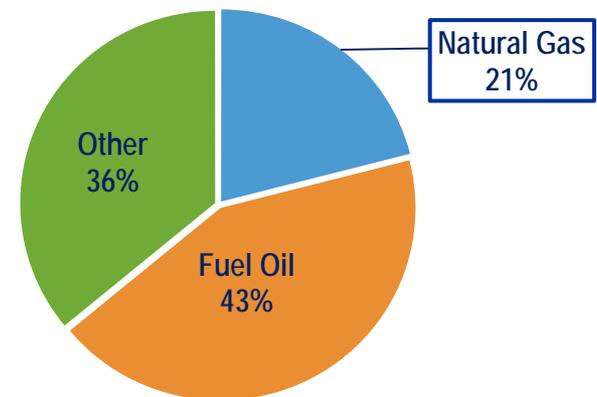
Fuel Used For Home Heating (ME)



Gas Customer Growth (NH & ME)



Fuel Used For Home Heating (NH)



GAS YTD SALES & MARGIN

Unit Sales



Weather Normal Unit Sales*



Customers



Margin



↑ Unit Sales up 2.2%

- Increase in unit sales reflects 1,455 higher natural gas customers served compared to prior year

↑ Sales Margin up \$4.0 million

- \$3.8 million increase due to higher natural gas distribution rates
- \$1.4 million increase due to customer growth
- Partially offset by the absence of a \$1.2 million non-recurring adjustment in Q2 2018 in connection with the NH base rate case

*Weather normal sales excludes decoupled sales units

ELECTRIC YTD SALES & MARGIN

Unit Sales



Weather Normal Unit Sales*



Customers



Margin



↓ Unit Sales down 4.3%

- Decrease reflects lower average usage overall, slightly offset by higher customer count

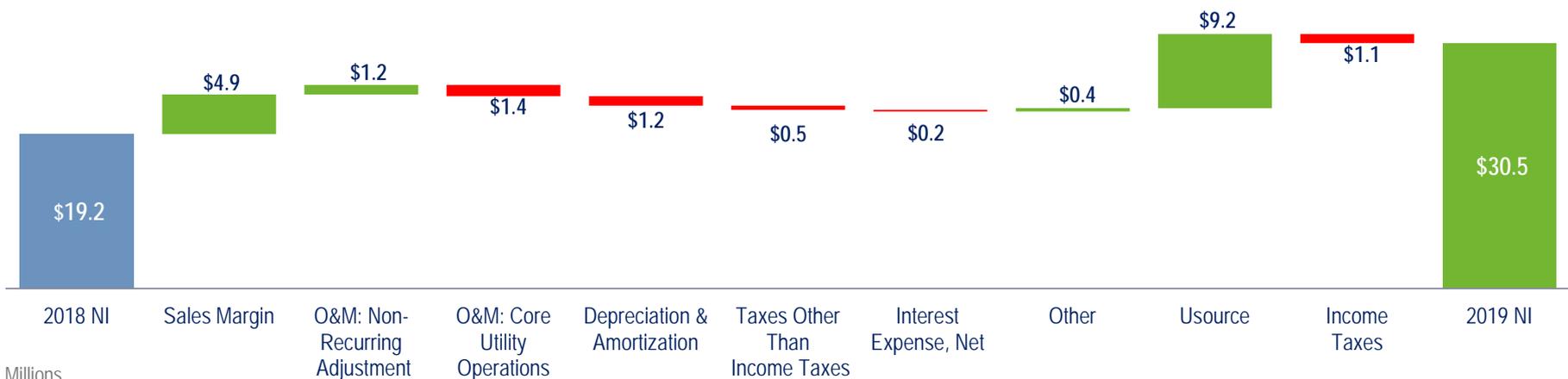
↑ Sales Margin up \$0.9 million

- \$1.4 million increase due to higher distribution rates
- \$0.5 million decrease due to lower kWh sales

*Weather normal sales excludes decoupled sales units

YTD EARNINGS VARIANCE: 2019 VS 2018

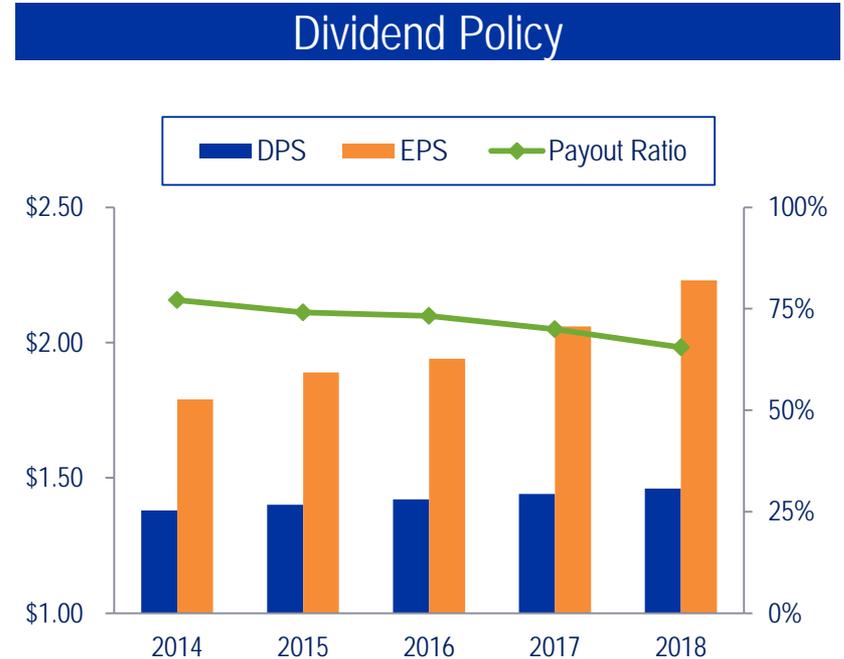
- O&M (Excluding Usource) increased \$0.2 million
 - Excluding a \$1.2 million non-recurring 2018 increase in expense, core utility O&M expense increased \$1.4 million
- Taxes Other Than Income Taxes increased as a result of higher property tax rates and higher net utility plant, slightly offset by property tax abatements in NH
- Usource net impact of \$9.2 million
 - Includes the after-tax divestiture gain of \$9.8 million, as well as \$0.9 million of discontinued O&M expense, slightly offset by \$1.5 million reduction of Usource revenue
- Other Expense is down \$0.4 million as a result of declining retirement benefit costs
- Depreciation & Amortization, Interest Expense, and Income Taxes all trended higher due to higher utility plant, higher borrowings, and higher pre-tax earnings



\$S in Millions

FINANCIAL STRENGTH

- Declining payout ratio – down from 77% to 66% over the last 5 years – while also increasing the annual dividend each year
 - Plowing back more earnings will support the accelerated investment program
- Investment grade utility with a balanced capitalization structure of approximately 50% debt and 50% equity



\$1.48/share
(annual)



Target
55%-65%



Increases in line with
EPS growth & Payout

Northern Utilities (ME) Rate Case

- Northern Utilities (ME only) filed a gas base rate case with the Maine PUC in June 2019 with a revenue deficiency request of \$7.0 million, a 10.5% ROE and accompanying equity ratio of 52.9%
 - Equity ratio incorporates an equity infusion of proceeds from the Usource divestiture as well as other Corporate funds
- Filing also includes the request for an alternative rate mechanism called the Capital Investment Recovery Adjustment for a period of three years for recovery of non-growth investments
- Final order and new rates expected in Q2 2020



REGULATORY ACTIVITY

- Recent order from MA DPU doubles limit on annual cash recovery of gas infrastructure replacement investments in Massachusetts
- The MA DPU recently allowed Fitchburg to receive remuneration and recover associated administrative costs for its Long-Term Contracts for Qualified Clean Energy Projects
 - One contract will materially impact the balance sheet of Fitchburg once they qualify for derivative accounting
- Received Regulatory approval to issue \$40 million of 30 year notes with a coupon rate of 4.04% for Northern Utilities; funding is expected in Q3 2019



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 planned outside of rate cases

Q2 2019 RETURN ON EQUITY

Company	Average Common Equity	6/19 LTM ROE ⁽¹⁾
Northern Utilities (New Hampshire)	\$211.3	8.2%
Northern Utilities (Maine)		
Unitil Energy	\$82.7	10.1%
Fitchburg (Electric)	\$82.3	5.4%
Fitchburg (Gas)		
Granite State	\$14.3	10.1%
Unitil Corporation	\$359.9	12.3%

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

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