



Unitil Reports Year-End Earnings

February 14, 2023

HAMPTON, N.H., Feb. 14, 2023 (GLOBE NEWSWIRE) -- Unitil Corporation (NYSE: UTL) (unitil.com) today announced Net Income of \$41.4 million, or \$2.59 in Earnings Per Share (EPS), for the year ended December 31, 2022, an increase of \$5.3 million in Net Income, or \$0.24 in EPS, compared to 2021. The Company's Electric and Gas GAAP Gross Margins were \$73.4 million and \$107.6 million, respectively, for 2022.

"We are pleased to have delivered strong financial performance and best-in-class customer service despite the challenges facing our industry and customers in 2022," said Thomas P. Meissner, Jr., Unitil's Chairman and Chief Executive Officer. "Looking forward, we are ready for the challenges and opportunities presented by the dramatic changes taking place in our industry, and believe our strategy and commitment to long-term sustainable growth will continue to create exceptional value for all stakeholders."

Electric GAAP Gross Margin was \$73.4 million in 2022, an increase of \$1.9 million compared to 2021. The increase was driven by higher rates and customer growth of \$1.7 million and lower depreciation and amortization expense of \$0.5 million, partially offset by the unfavorable effect on sales from cooler spring weather of \$0.3 million when rates were not yet decoupled.

Electric Adjusted Gross Margin (a non-GAAP financial measure¹) was \$98.8 million in 2022, an increase of \$1.4 million compared with 2021. The increase was driven by higher rates and customer growth of \$1.7 million, partially offset by the unfavorable effect on sales from cooler spring weather of \$0.3 million when rates were not yet decoupled.

¹ The accompanying Supplemental Information more fully describes the non-GAAP financial measures used in this press release and includes a reconciliation of the non-GAAP financial measures to the financial measures that the Company's management believes are the most comparable GAAP financial measures. The Supplemental Information also includes a discussion of the changes in the most comparable GAAP financial measures for the periods presented.

Electric kilowatt-hour (kWh) sales decreased 1.0% in 2022 compared to 2021. Sales to Residential customers decreased 2.0% and sales to C&I customers decreased 0.3% in 2022 compared to 2021. The decreases in electric kWh sales reflect lower average usage, partially offset by customer growth. As of December 31, 2022, the number of electric customers served increased by approximately 400 over the previous year.

Gas GAAP Gross Margin was \$107.6 million in 2022, an increase of \$7.1 million compared to 2021. The increase was driven by higher rates of \$9.0 million and \$1.8 million from customer growth and the favorable effect of colder winter weather in 2022, partially offset by higher depreciation and amortization of \$3.7 million.

Gas Adjusted Gross Margin (a non-GAAP financial measure¹) was \$143.9 million in 2022, an increase of \$10.8 million compared to 2021. The increase was driven by higher rates of \$9.0 million and \$1.8 million from customer growth and the favorable effect of colder winter weather in 2022.

Gas therm sales increased 1.3% in 2022 compared to 2021. Sales to Residential customers increased 0.5% and sales to C&I customers increased 1.5% in 2022 compared to 2021. The overall increase in gas therm sales reflects customer growth and colder winter weather in 2022. As of December 31, 2022, the number of gas customers served increased by approximately 850 over the previous year. Based on weather data collected in the Company's gas service areas, on average there were 2.6% more Effective Degree Days (EDD) in 2022 compared to 2021, although 5.1% fewer EDD compared to normal. The Company estimates that weather-normalized gas therm sales, excluding decoupled sales, were essentially unchanged in 2022 compared to 2021.

Operation and Maintenance (O&M) expenses increased \$5.0 million in 2022 compared to 2021, reflecting higher labor costs of \$1.9 million, higher utility operating costs of \$1.6 million, and higher professional fees of \$1.5 million.

Depreciation and Amortization expense increased \$3.1 million in 2022 compared to 2021, reflecting additional depreciation associated with higher levels of utility plant in service and higher amortization of rate case costs.

Taxes Other Than Income Taxes increased \$1.4 million in 2022 compared to 2021, reflecting higher payroll taxes and higher local property taxes on higher utility plant in service.

Interest Expense, Net decreased \$0.1 million in 2022 compared to 2021 primarily reflecting lower interest on long-term debt and higher interest income, on regulatory assets, partially offset by higher interest on short-term borrowings.

Other Expense (Income), Net decreased \$2.2 million in 2022 compared to 2021, reflecting lower retirement benefit costs.

Federal and State Income Taxes decreased \$0.3 million in 2022 compared to 2021, reflecting lower taxes associated with the flowback of excess Accumulated Deferred Income Taxes.

In 2022, Unitil's annual common dividend was \$1.56 per share, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2023 meeting, the Unitil Corporation Board of Directors declared a quarterly dividend on the Company's common stock of \$0.405 per share, an increase of \$0.015 per share on a quarterly basis, resulting in an increase in the effective annualized dividend rate to \$1.62 per share from \$1.56 per share.

The Company's earnings are seasonal and are typically higher in the first and fourth quarters when customers use natural gas for heating purposes.

The Company will hold a quarterly conference call to discuss fourth quarter and full year 2022 results on Tuesday, February 14, 2023, at 2:00 p.m. Eastern Time. This call is being webcast. This call, financial and other statistical information contained in the Company's presentation on this call, and information required by Regulation G regarding non-GAAP financial measures can be accessed in the Investor Relations section of Unitil's website, unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering electricity and natural gas in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to the delivery of dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 108,100 electric customers and 87,500 natural gas customers. For more information about our people, technologies, and community involvement please visit unitil.com.

Forward-Looking Statements

This press release may contain forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of, energy commodities and transmission and transportation 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; unforeseen or changing circumstances, which could adversely affect the reduction of company-wide direct greenhouse gas emissions; Unitil's ability to retain its existing customers and attract new customers; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend, to update these forward-looking statements except as required by law.

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Supplemental Information: Non-GAAP Financial Measures

The Company analyzes operating results using Electric and Gas Adjusted Gross Margins, which are non-GAAP financial measures. Electric Adjusted Gross Margin is calculated as Total Electric Operating Revenue less Cost of Electric Sales. Gas Adjusted Gross Margin is calculated as Total Gas Operating Revenues less Cost of Gas Sales. The Company's management believes Electric and Gas Adjusted Gross Margins provide useful information to investors regarding profitability. Also, the Company's management believes Electric and Gas Adjusted Gross Margins are important measures to analyze revenue from the Company's ongoing operations because the approved cost of electric and gas sales are tracked, reconciled and passed through directly to customers in electric and gas tariff rates, resulting in an equal and offsetting amount reflected in Total Electric and Gas Operating Revenue.

In the following tables the Company has reconciled Electric and Gas Adjusted Gross Margin to GAAP Gross Margin, which we believe to be the most comparable GAAP financial measure. GAAP Gross Margin is calculated as Revenue less Cost of Sales, and Depreciation and Amortization. The Company calculates Electric and Gas Adjusted Gross Margin as Revenue less Cost of Sales. The Company believes excluding Depreciation and Amortization, which are period costs and not related to volumetric sales, is a meaningful measure to inform investors of the Company's profitability from electric and gas sales in the period.

Twelve Months Ended December 31, 2022 (\$ millions)

	Electric	Gas	Other	Total
Total Operating Revenue	\$ 297.9	\$ 265.3	\$ ---	\$ 563.2
Less: Cost of Sales	(199.1)	(121.4)	---	(320.5)
Less: Depreciation and Amortization	(25.4)	(36.3)	(0.9)	(62.6)
GAAP Gross Margin	73.4	107.6	(0.9)	180.1
Depreciation and Amortization	25.4	36.3	0.9	62.6
Adjusted Gross Margin	\$ 98.8	\$ 143.9	\$ ---	\$ 242.7

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

	Electric	Gas	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

Selected financial data for 2022 and 2021 is presented in the following table:

Unitil Corporation - Condensed Consolidated Financial Data

(Millions, except Per Share data) (Unaudited)

	Twelve Months Ended December 31,		
	2022	2021	Change
Electric kWh Sales:			
Residential	680.5	694.2	(2.0%)
Commercial/Industrial	933.9	936.8	(0.3%)
Total Electric kWh Sales	1,614.4	1,631.0	(1.0%)
Gas Therm Sales:			
Residential	44.6	44.4	0.5%
Commercial/Industrial	180.2	177.5	1.5%
Total Gas Therm Sales	224.8	221.9	1.3%
Electric Revenues			
	\$ 297.9	\$ 248.5	\$ 49.4
Cost of Electric Sales	199.1	151.1	48.0
Electric Adjusted Gross Margin (a non-GAAP financial measure ¹):	98.8	97.4	1.4
Gas Revenues			
	265.3	224.8	40.5
Cost of Gas Sales	121.4	91.7	29.7
Gas Adjusted Gross Margin (a non-GAAP financial measure ¹):	143.9	133.1	10.8
Total Adjusted Gross Margin: (a non-GAAP financial measure ¹):	242.7	230.5	12.2
Operation & Maintenance Expenses	73.7	68.7	5.0
Depreciation & Amortization	62.6	59.5	3.1
Taxes Other Than Income Taxes	25.9	24.5	1.4
Other Expense (Income), Net	2.4	4.6	(2.2)
Interest Expense, Net	25.5	25.6	(0.1)
Income Before Income Taxes	52.6	47.6	5.0
Provision for Income Taxes	11.2	11.5	(0.3)
Net Income	\$ 41.4	\$ 36.1	\$ 5.3
Earnings Per Share	\$ 2.59	\$ 2.35	\$ 0.24