



Unitil Reports First Quarter Earnings

May 2, 2023

HAMPTON, N.H., May 02, 2023 (GLOBE NEWSWIRE) -- Unitil Corporation (NYSE: UTL) (unitil.com) today announced Net Income of \$24.1 million, or \$1.51 in Earnings Per Share (EPS), for the quarter ended March 31, 2023, an increase of \$2.6 million in Net Income, or \$0.16 in EPS, compared to the same period in 2022. The Company's Electric and Gas GAAP Gross Margins were \$20.3 million and \$44.8 million, respectively, for the first quarter of 2023.

"We continue to deliver on our commitments to stakeholders with strong operational and financial performance in the first quarter," said Thomas P. Meissner, Jr., Unitil's Chairman and Chief Executive Officer. "Our accelerated dividend growth, successful response to multiple winter storms, and investments in sustainable technologies reflect the Company's focus on our strategic priorities and creating exceptional value for all stakeholders."

Electric GAAP Gross Margin was \$20.3 million in the three months ended March 31, 2023, an increase of \$2.4 million compared to the same period in 2022. The increase was driven by higher rates of \$2.1 million and lower depreciation and amortization expense of \$0.3 million.

Electric Adjusted Gross Margin (a non-GAAP financial measure¹) was \$26.7 million in the first quarter of 2023, an increase of \$2.1 million compared to the same period in 2022. This increase reflects higher rates.

Electric kilowatt-hour (kWh) sales decreased 4.7% in the three month period ended March 31, 2023, compared to the same period in 2022. Sales to Residential and Commercial and Industrial (C&I) customers decreased 6.0% and 3.7%, respectively, in the three month period ended March 31, 2023, compared to the same period in 2022, reflecting warmer winter weather in 2023 compared to 2022 and lower average usage, partially offset by customer growth. As of March 31, 2023, the number of electric customers increased by approximately 250 over the previous year.

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.

Gas GAAP Gross Margin was \$44.8 million in the first quarter of 2023, an increase of \$1.3 million compared to the same period in 2022. The increase was driven by higher rates and customer growth of \$4.0 million, partially offset by the unfavorable effects of warmer winter weather in 2023 of \$1.1 million and higher depreciation and amortization of \$1.6 million.

Gas Adjusted Gross Margin (a non-GAAP financial measure¹) was \$54.9 million in the first quarter of 2023, an increase of \$2.9 million compared to the same period in 2022, driven by higher rates and customer growth of \$4.0 million, partially offset by the unfavorable effects of warmer winter weather in 2023 of \$1.1 million.

Gas therm sales decreased 7.6% in the three month period ended March 31, 2023, compared to the same period in 2022. In the first quarter of 2023, sales to Residential and C&I customers decreased 9.9% and 6.8%, respectively, compared to the same period in 2022, reflecting warmer winter weather in 2023 compared to 2022, partially offset by customer growth. Based on weather data collected in the Company's gas service areas, on average there were 10.6% fewer Effective Degree Days (EDD) in the first quarter of 2023 compared to the same period in 2022. The Company estimates weather-normalized gas therm sales, excluding decoupled sales, increased 0.6% in the first three months of 2023 compared to the same period in 2022. As of March 31, 2023, the number of gas customers increased by approximately 800 over the previous year.

Operation and Maintenance (O&M) expenses decreased \$0.4 million in the three months ended March 31, 2023, compared to the same period in 2022. The decrease reflects lower labor costs and professional fees of \$0.6 million, partially offset by higher utility operating costs of \$0.2 million. The lower labor costs primarily reflect lower restricted stock compensation.

Depreciation and Amortization expense increased \$1.2 million in the three months ended March 31, 2023, respectively, compared to the same period in 2022, reflecting additional depreciation associated with higher levels of utility plant in service and higher amortization of rate case and other deferred costs.

Taxes Other Than Income Taxes increased \$0.5 million in the three months ended March 31, 2023, compared to the same period in 2022, reflecting higher local property taxes on higher utility plant in service and higher payroll taxes.

Other Expense (Income), Net decreased \$0.7 million in the three months ended March 31, 2023 compared to the same period in 2022, reflecting lower retirement benefit costs.

Interest Expense, Net increased \$0.9 million in the three months ended March 31, 2023, compared to the same period in 2022, primarily reflecting higher interest expense on short-term borrowings, partially offset by lower interest expense on long-term debt and higher interest income on regulatory assets.

Federal and State Income Taxes increased \$0.9 million for the three months ended March 31, 2023 compared to the same period in 2022, reflecting higher pre-tax earnings in 2023.

At its January 2023 and April 2023 meetings, the Unitil Corporation Board of Directors declared quarterly dividends on the Company's common stock of \$0.405 per share. These quarterly dividends result in a current effective annualized dividend rate of \$1.62 per share, representing an unbroken

record of quarterly dividend payments since trading began in Unital's common stock.

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 first quarter 2023 results on Tuesday, May 2, 2023, at 10:00 a.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 Unital's website, unitil.com.

About Unital Corporation

Unital 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. Unital Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unital'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 Unital'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: Unital'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 Unital's ability to recover energy commodity costs in its rates; customers' preferred energy sources; severe storms and Unital'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; Unital's ability to retain its existing customers and attract new customers; increased competition; and other risks detailed in Unital's filings with the Securities and Exchange Commission. These forward looking statements speak only as of the date they are made. Unital undertakes no obligation, and does not intend, to update these forward-looking statements except as required by law.

For more information please contact:

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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.

Three Months Ended March 31, 2023 (\$ millions)

	Electric	Gas	Other	Total
Total Operating Revenue	\$ 108.2	\$ 112.0	\$ ---	\$ 220.2
Less: Cost of Sales	(81.5)	(57.1)	---	(138.6)
Less: Depreciation and Amortization	(6.4)	(10.1)	(0.2)	(16.7)
GAAP Gross Margin	20.3	44.8	(0.2)	64.9
Depreciation and Amortization	6.4	10.1	0.2	16.7
Adjusted Gross Margin	\$ 26.7	\$ 54.9	\$ ---	\$ 81.6

Three Months Ended March 31, 2022 (\$ millions)

	Electric	Gas	Other	Total
Total Operating Revenue	\$ 89.2	\$ 103.4	\$ ---	\$ 192.6
Less: Cost of Sales	(64.6)	(51.4)	---	(116.0)
Less: Depreciation and Amortization	(6.7)	(8.5)	(0.3)	(15.5)

GAAP Gross Margin	17.9	43.5	(0.3)	61.1
Depreciation and Amortization	6.7	8.5	0.3	15.5
Adjusted Gross Margin	\$ 24.6	\$ 52.0	\$ ---	\$ 76.6

Selected financial data for 2023 and 2022 is presented in the following table:

Unitil Corporation - Condensed Consolidated Financial Data				
<i>(Millions, except Per Share data) (Unaudited)</i>				
	Three Months Ended March 31,			
	2023	2022	Change	
Electric kWh Sales:				
Residential	181.3	192.8		(6.0%)
Commercial/Industrial	228.5	237.2		(3.7%)
Total Electric kWh Sales	409.8	430.0		(4.7%)
Gas Therm Sales:				
Residential	21.9	24.3		(9.9%)
Commercial/Industrial	69.4	74.5		(6.8%)
Total Gas Therm Sales	91.3	98.8		(7.6%)
Electric Revenues				
	\$ 108.2	\$ 89.2	\$ 19.0	
Cost of Electric Sales	81.5	64.6	16.9	
Electric Adjusted Gross Margin (a non-GAAP financial measure¹):	26.7	24.6	2.1	
Gas Revenues				
	112.0	103.4	8.6	
Cost of Gas Sales	57.1	51.4	5.7	
Gas Adjusted Gross Margin (a non-GAAP financial measure¹):	54.9	52.0	2.9	
Total Adjusted Gross Margin: (a non-GAAP financial measure¹):	81.6	76.6	5.0	
Operation & Maintenance Expenses	18.1	18.5		(0.4)
Depreciation & Amortization	16.7	15.5		1.2
Taxes Other Than Income Taxes	7.3	6.8		0.5
Other Expense (Income), Net	---	0.7		(0.7)
Interest Expense, Net	7.1	6.2		0.9
Income Before Income Taxes	32.4	28.9	3.5	
Provision for Income Taxes	8.3	7.4		0.9
Net Income	\$ 24.1	\$ 21.5	\$ 2.6	
Earnings Per Share	\$ 1.51	\$ 1.35	\$ 0.16	