



**UGI**  
CORPORATION

**AmeriGas**

Fiscal 2017  
First Quarter Results

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# About This Presentation

This presentation contains certain forward-looking statements that management believes to be reasonable as of today's date only. Actual results may differ significantly because of risks and uncertainties that are difficult to predict and many of which are beyond management's control. You should read UGI's Annual Report on Form 10-K for a more extensive list of factors that could affect results. Among them are adverse weather conditions, cost volatility and availability of all energy products, including propane, natural gas, electricity and fuel oil, increased customer conservation measures, the impact of pending and future legal proceedings, liability for uninsured claims and for claims in excess of insurance coverage, domestic and international political, regulatory and economic conditions in the United States and in foreign countries, including the current conflicts in the Middle East, and foreign currency exchange rate fluctuations (particularly the euro), changes in Marcellus Shale gas production, the availability, timing and success of our acquisitions, commercial initiatives and investments to grow our business, our ability to successfully integrate acquired businesses and achieve anticipated synergies, and the interruption, disruption, failure, malfunction, or breach of our information technology systems, including due to cyber-attack. UGI undertakes no obligation to release revisions to its forward-looking statements to reflect events or circumstances occurring after today. In addition, this presentation uses certain non-GAAP financial measures. Please see the appendix for reconciliations of these measures to the most comparable GAAP financial measure.



## First Quarter Recap

John Walsh  
President & CEO, UGI

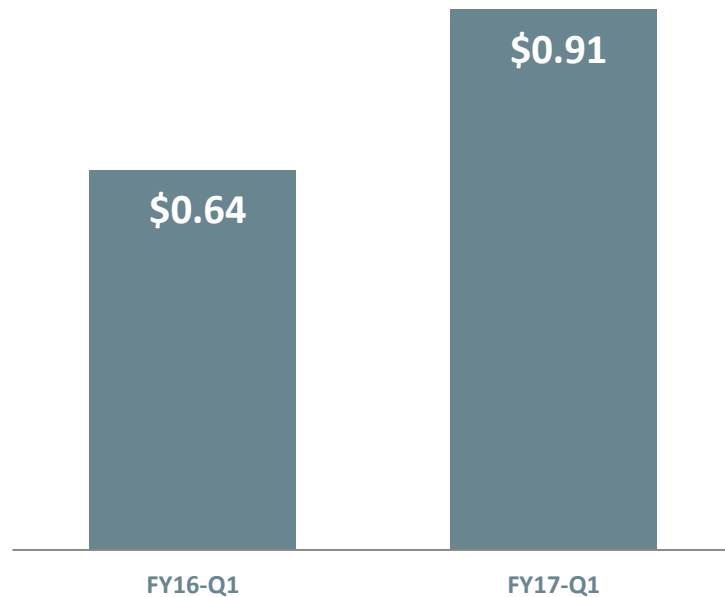




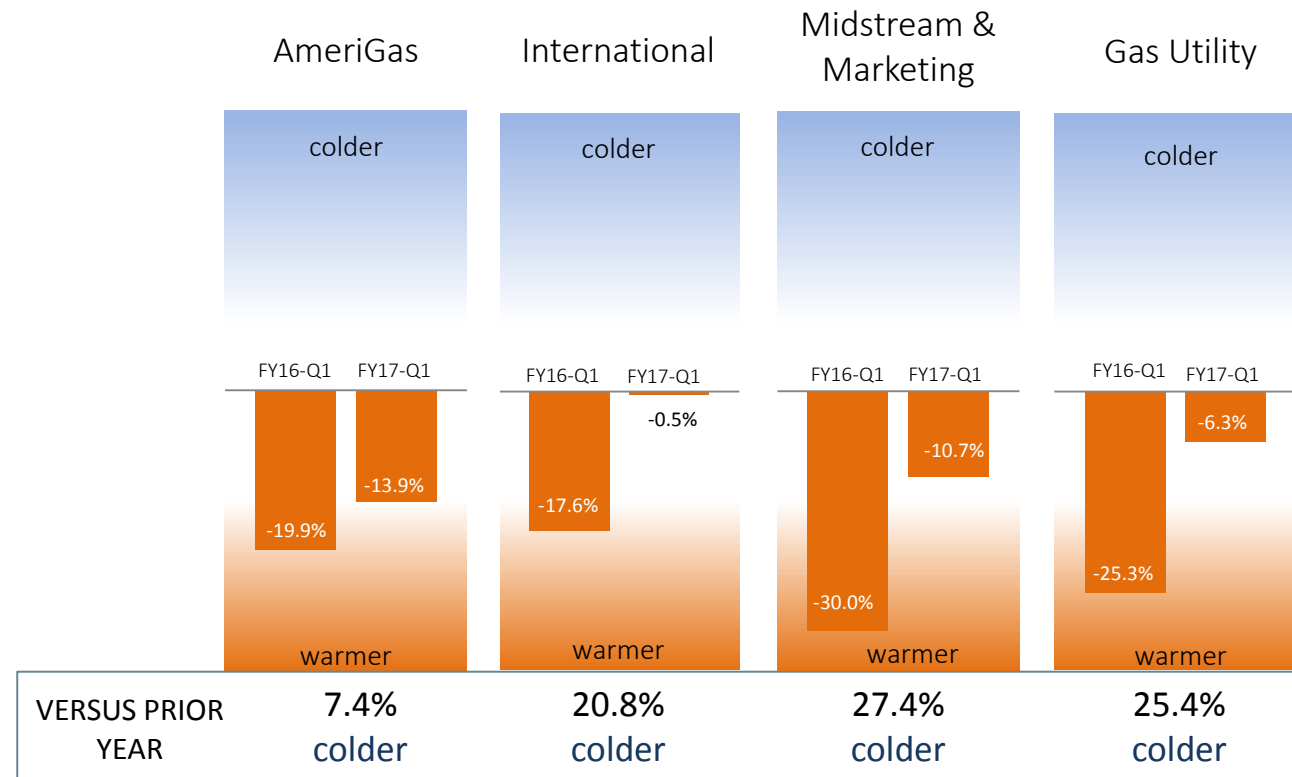
# Q1 Earnings Recap

Adjusted EPS

42% increase



- Record First Quarter
- Higher adjusted net income across all four business units
  - Contributions from strategic investments made in recent years
  - Impact of weather that was colder than the prior-year period



# Q1 Market Recap



- Sunbury pipeline construction completed and placed into service on January 1st
- Mechanical completion of Manning LNG facility, will be placed into service in the current quarter
- Added 4,600 new residential heating and commercial utility customers
- New UGI Gas base rates went into effect on October 19<sup>th</sup>; Rate case for UGI Penn Natural Gas filed on January 19<sup>th</sup>
- National Accounts and Cylinder Exchange volume up; closed on small acquisition
- Benefits realized from Finagaz acquisition and continued focus on margin management



# First Quarter Financial Review

Kirk Oliver  
Chief Financial Officer, UGI





# Q1 Adjusted Earnings

(\$ millions)

	FY16-Q1	FY17-Q1
Net income attributable to UGI Corporation	\$114.6	\$ 230.7
Net gains on commodity derivative instruments <sup>1,2</sup>	(3.6)	(52.2)
Net gains on foreign currency derivative instruments <sup>1</sup>	-	(0.8)
Integration expenses associated with Finagaz <sup>1</sup>	1.4	5.3
Loss on extinguishment of debt <sup>1</sup>	-	5.3
Impact from change in French tax rate	-	(27.4)
<b>Adjusted net income attributable to UGI Corporation</b>	<b>\$112.4</b>	<b>\$160.9</b>

	FY16-Q1	FY17-Q1
UGI Corporation - Diluted Earnings Per Share (GAAP)	\$0.65	\$1.30
Net gains on commodity derivative instruments <sup>2</sup>	(0.02)	(0.29)
Net gains on foreign currency derivative instruments	-	(0.01)
Integration expenses associated with Finagaz	0.01	0.03
Loss on extinguishment of debt	-	0.03
Impact from change in French tax rate	-	(0.15)
<b>Adjusted diluted earnings per share</b>	<b>\$0.64</b>	<b>\$0.91</b>

<sup>1</sup> Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

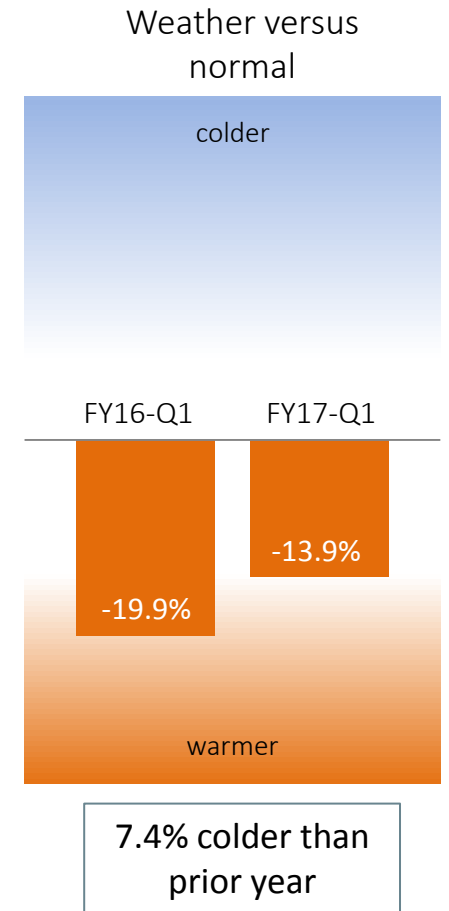
<sup>2</sup> Includes the effects of rounding.

Adjusted net income and Adjusted diluted earnings per share are non-GAAP measures. See appendix for description.

# Financial Results – AmeriGas

(\$ millions)	FY16-Q1	FY17-Q1
<b>Adjusted EBITDA</b>	<b>\$177.7</b>	
Retail Volume		12.6
Wholesale and Other Total Margin		3.0
Operating and Administrative Expenses		4.1
Other Operating Income		(12.3)
<b>Adjusted EBITDA</b>		<b>\$185.1</b>

- Retail volume increased 3.6% versus prior year as warmer weather in October and November were offset by colder weather in December
- Operating expenses were down 1.8%, despite the increase in volume, due to technology driven efficiencies and expense controls
- Reduction in other operating income primarily due to the correction of previously recorded gains on sales of fixed assets acquired in connection with Heritage acquisition in 2012

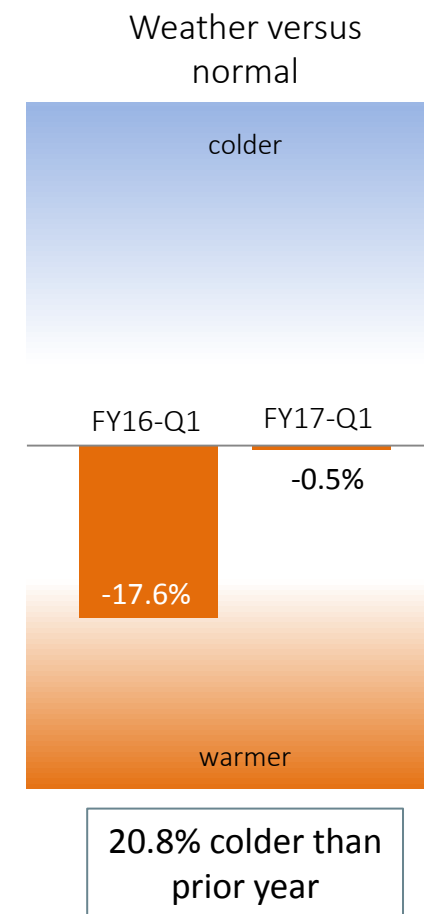




# Financial Results – UGI International

(\$ millions)	FY16-Q1	FY17-Q1
<b>Income Before Taxes</b>	<b>\$78.5</b>	
Total Margin		5.7
Operating and Administrative Expenses		(6.0)
Depreciation and Amortization		(0.7)
Interest Expense		1.7
Other Operating Income		4.8
<b>Income Before Taxes</b>		<b>\$84.0</b>
Integration Expenses	2.3	8.1
<b>Adjusted Income Before Taxes</b>	<b>\$80.8</b>	<b>\$92.1</b>

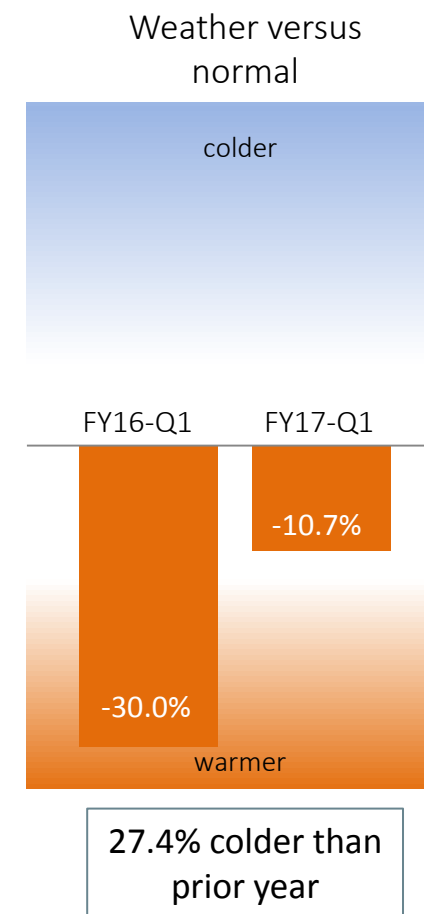
- Higher margin from residential bulk sales driving total margin increase
  - Increased bulk volume due to colder weather
  - Slightly higher average LPG unit margins
- Increase in operating expenses due to higher Finagaz transition expenses
- Change in other operating income primarily due to absence of prior year loss from interest rate hedge ineffectiveness



# Financial Results – Midstream & Marketing

(\$ millions)	FY16-Q1		FY17-Q1
<b>Income Before Taxes</b>	<b>\$ 42.1</b>		
Total Margin			5.6
Operating and Administrative Expenses		(0.9)	
Depreciation and Amortization		(0.6)	
Interest Expense		0.2	
Other Operating Income		2.7	
<b>Income Before Taxes</b>			<b>\$49.1</b>

- Total margin increase due to higher peaking, natural gas, and capacity management total margins
  - The higher natural gas total margin reflects the effects of higher volumes while the increase in peaking total margin reflects an increase in demand for peaking services
- Other operating income primarily reflects the allowance for funds used during construction of Sunbury project

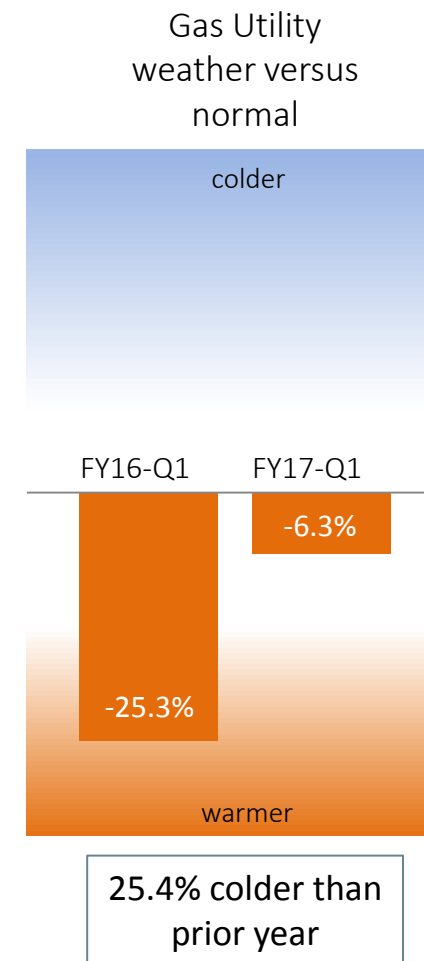




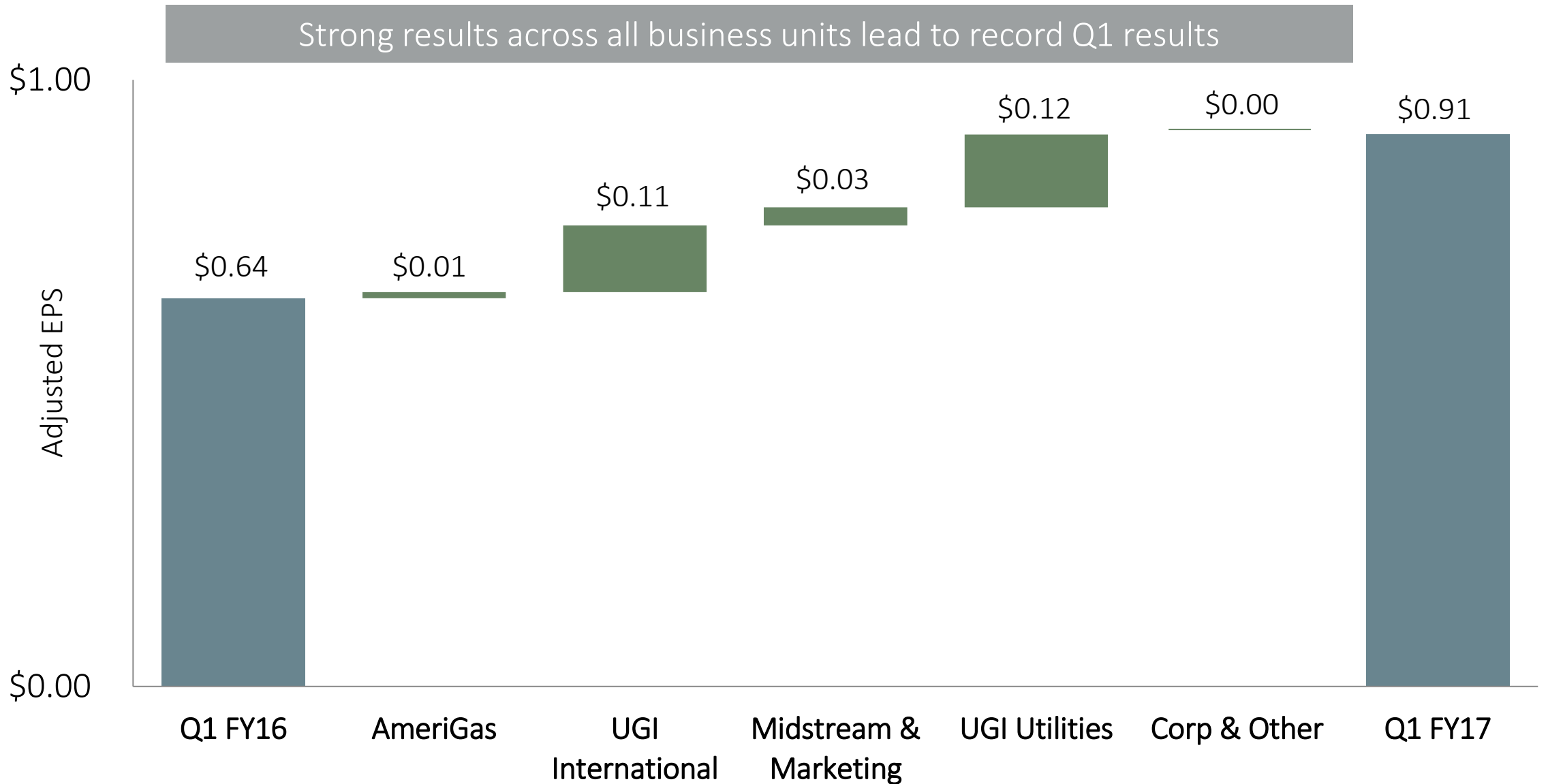
# Financial Results – Utilities

(\$ millions)	FY16-Q1		FY17-Q1
<b>Income Before Taxes</b>	<b>\$38.8</b>		
Total Margin			29.1
Operating and Administrative Expenses			1.6
Depreciation and Amortization			(0.7)
Interest Expense			(0.5)
Other Income and Expense, net			3.9
<b>Income Before Taxes</b>			<b>\$72.2</b>

- While still warmer than normal, weather was 25.4% colder than prior year, resulting in a 32.2% increase in core market volumes
- Volume increase along with UGI Gas base rate increase contributed to substantial margin increase
- Operating and administrative expenses decreased slightly, primarily reflecting lower distribution system expenses
- Other expense decreased due to absence of prior year environmental charges



# Q1 Results Recap





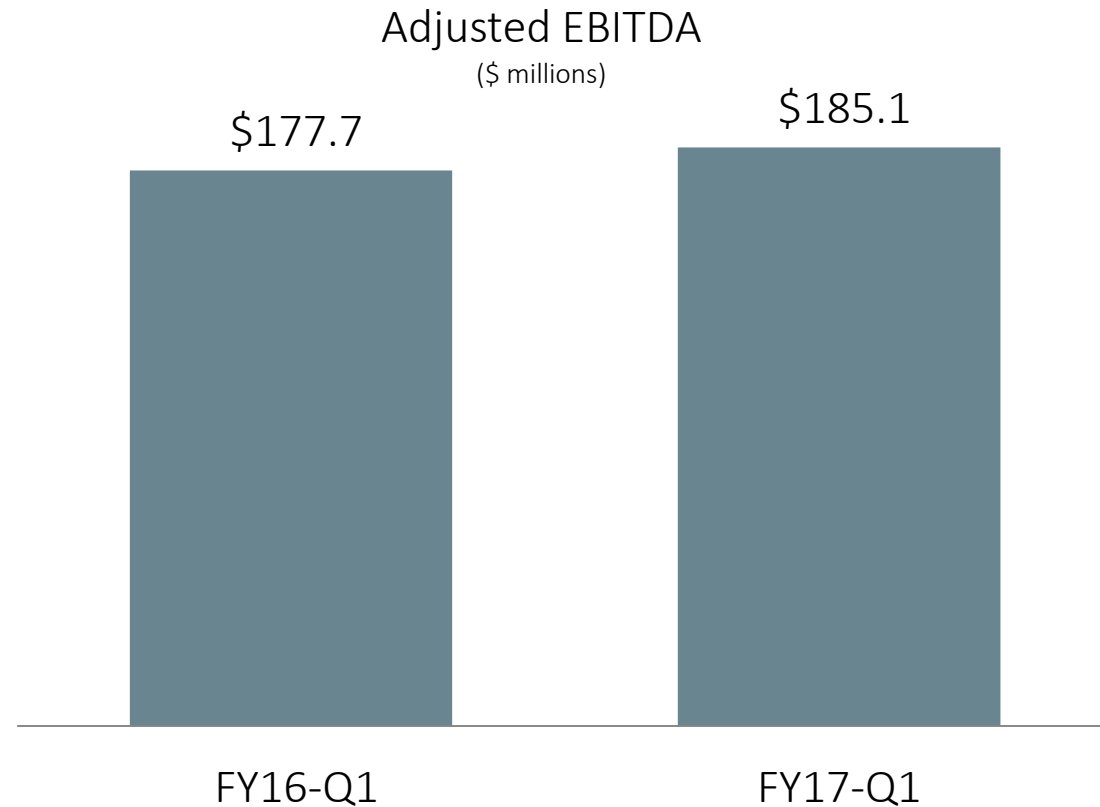


## First Quarter Recap

Jerry Sheridan  
President & CEO, AmeriGas



# Q1 Earnings Recap



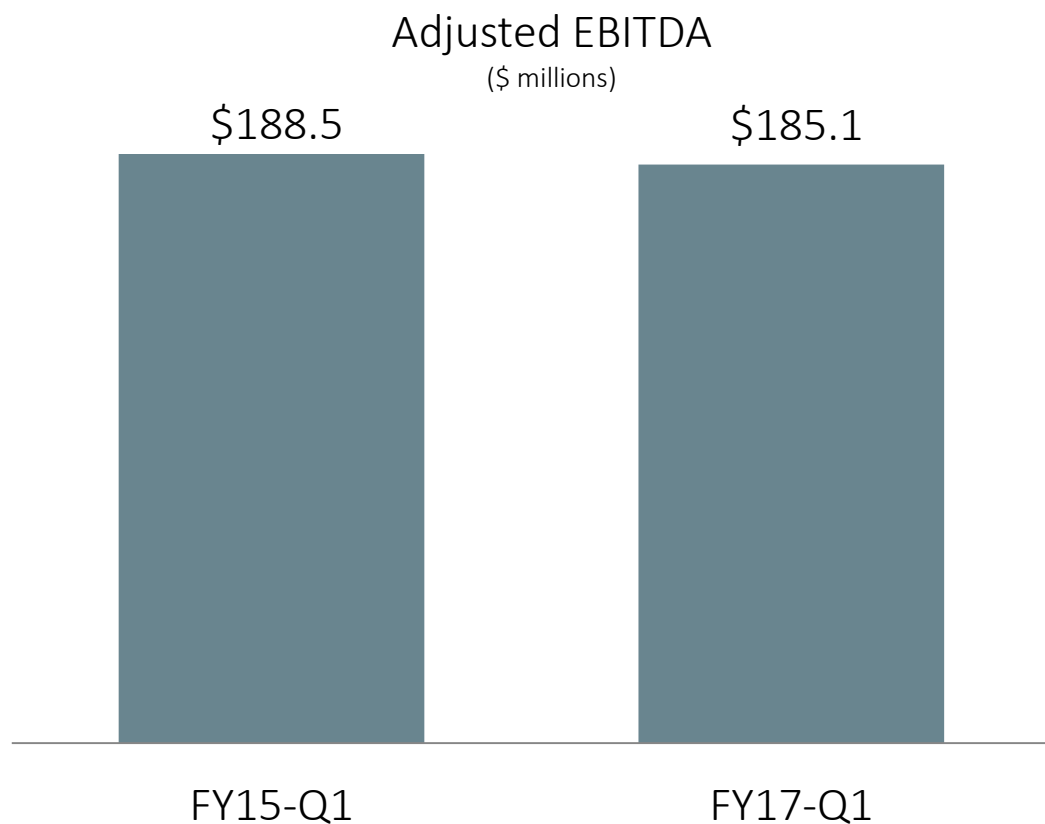
- Weather ~14% warmer than normal, 7% colder than prior year
- Retail volumes increased 3.6% year over year
- Margins stable despite 39% increase in Mt. Belvieu price of propane
- Focus on cost controls; operating expenses down ~\$4 million



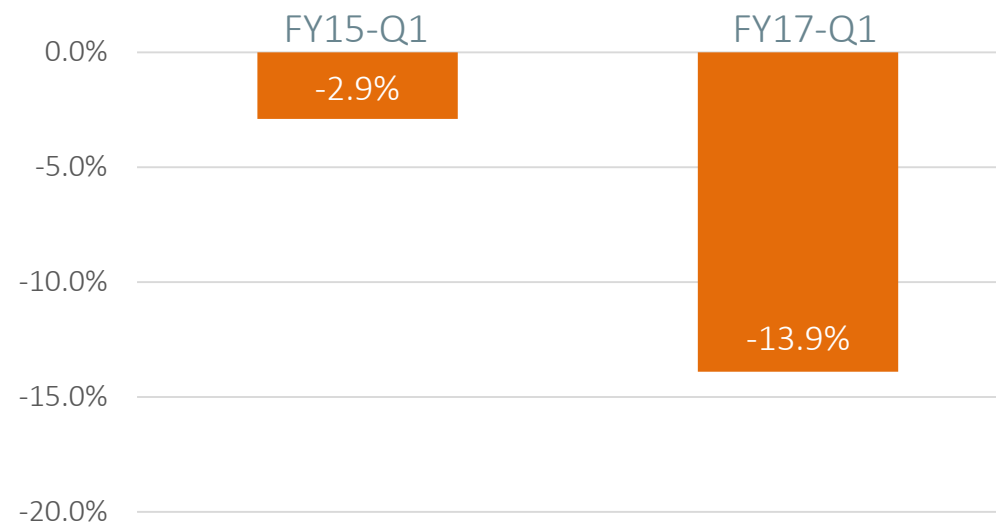


# Comparison of FY15-Q1 vs. FY17-Q1

## Comparable Results...



## ...despite 11% warmer weather



### FY17:

- 35 million gallons (10%) lower volume
- Includes \$8.8 million charge to correct an error
- Reflects \$20 million lower operating expenses

# Quarter Accomplishments

## Cylinder Exchange

- Delivered volume 13% higher than last year
- Same store sales growth up 4%

## National Accounts

- Volume increased 17% due to colder weather in December and new accounts

## Refinancing of 2022 Notes

- Completed a tender offer for \$500MM of 7% notes due 2022 and issued \$700MM of 5.5% notes due 2025





# Conclusion and Q&A

John Walsh  
President & CEO, UGI





# Clear Path to Growth

## MIDSTREAM & MARKETING

- Addition of Sunbury and Manning LNG strengthens portfolio
- Expect FERC Environmental Impact Statement by mid-April
- LNG is core element of midstream strategy
  - Record levels of peaking demand
  - LNG projects add storage, vaporization, and fueling facilities

## AMERIGAS

- Continuing to deploy enhanced distribution, logistics, and customer service tools to enhance the customer experience and efficiency
- M&A pipeline remains strong

## UGI UTILITIES

- Record levels of capital expenditures
  - Support growth and infrastructure replacement
  - Will exceed \$1.1 billion over next four years
- 40-50% reduction in customers' average bills compared to their peak in 2008/2009

## INTERNATIONAL

- Continue to seek expansion through acquisition and organic growth
- Finagaz integration remains on track

# APPENDIX

# UGI Supplemental Footnotes



- Management uses "adjusted net income attributable to UGI" and "adjusted diluted earnings per share," both of which are non-GAAP financial measures, when evaluating UGI's overall performance. For the periods presented, adjusted net income attributable to UGI is net income attributable to UGI Corporation after excluding net after-tax gains and losses on commodity and certain foreign currency derivative instruments not associated with current period transactions (principally comprising changes in unrealized gains and losses on derivative instruments), Finagaz integration expenses, losses associated with extinguishments of debt and the impact on net deferred tax liabilities from a change in French corporate income tax rate. Volatility in net income at UGI can occur as a result of gains and losses on commodity and certain foreign currency derivative instruments not associated with current period transactions but included in earnings in accordance with U.S. generally accepted accounting principles ("GAAP").
- Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measures. Management believes that these non-GAAP measures provide meaningful information to investors about UGI's performance because they eliminate the impact of (1) gains and losses on commodity and certain foreign currency derivative instruments not associated with current-period transactions and (2) other significant discrete items that can affect the comparison of period-over-period results.
- The following table reconciles net income attributable to UGI Corporation, the most directly comparable GAAP measure, to adjusted net income attributable to UGI Corporation, and reconciles diluted earnings per share, the most comparable GAAP measure, to adjusted diluted earnings per share, to reflect the adjustments referred to above:



# UGI Adjusted Net Income and EPS



	Three Months Ended December 31,	
	FY17	FY16
(Million of dollars, except per share amounts)		
<b>NON-GAAP RECONCILIATION:</b>		
<b>Adjusted net income attributable to UGI Corporation:</b>		
Net income attributable to UGI Corporation	\$ 230.7	\$ 114.6
Net gains on commodity derivative instruments not associated with current period transactions (net of tax of \$33.3 and \$1.5, respectively) (a) (b)	(52.2)	(3.6)
Unrealized gains on foreign currency derivative instruments (net of tax of \$0.4) (b)	(0.8)	-
Integration expenses associated with Finagaz (net of tax of \$(2.8) and \$(0.9), respectively) (b)	5.3	1.4
Loss on extinguishment of debt (net of tax of \$(3.4)) (b)	5.3	-
Impact from change in French tax rate	(27.4)	
<b>Adjusted net income attributable to UGI Corporation</b>	<b>\$ 160.9</b>	<b>\$ 112.4</b>

	Three Months Ended December 31,	
	FY17	FY16
<b>Adjusted earnings per common share attributable to UGI stockholders:</b>		
UGI Corporation earnings per share - diluted	\$ 1.30	\$ 0.65
Net gains on commodity derivative instruments not associated with current period transactions	(0.29)	(0.02)
Unrealized gains on foreign currency derivative instruments (a)	(0.01)	-
Integration expenses associated with Finagaz	0.03	0.01
Loss on extinguishment of debt	0.03	-
Impact from change in French tax rate	(0.15)	
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.91</b>	<b>\$ 0.64</b>

(a) Includes impact of rounding.

(b) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.

# AmeriGas Supplemental Footnotes



- The enclosed supplemental information contains a reconciliation of earnings before interest expense, income taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA to Net Income.
- EBITDA and Adjusted EBITDA are not measures of performance or financial condition under accounting principles generally accepted in the United States ("GAAP"). Management believes EBITDA and Adjusted EBITDA are meaningful non-GAAP financial measures used by investors to compare the Partnership's operating performance with that of other companies within the propane industry. The Partnership's definitions of EBITDA and Adjusted EBITDA may be different from those used by other companies.
- EBITDA and Adjusted EBITDA should not be considered as alternatives to net income (loss) attributable to AmeriGas Partners, L.P. Management uses EBITDA to compare year-over-year profitability of the business without regard to capital structure as well as to compare the relative performance of the Partnership to that of other master limited partnerships without regard to their financing methods, capital structure, income taxes or historical cost basis. Management uses Adjusted EBITDA to exclude from AmeriGas Partners' EBITDA gains and losses that competitors do not necessarily have to provide additional insight into the comparison of year-over-year profitability to that of other master limited partnerships. In view of the omission of interest, income taxes, depreciation and amortization, gains and losses on commodity derivative instruments not associated with current-period transactions, and other gains and losses that competitors do not necessarily have from Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners, L.P. for the relevant periods. Management also uses Adjusted EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's Adjusted EBITDA to assess the profitability of the Partnership, which is one of UGI Corporation's business segments. UGI Corporation discloses the Partnership's Adjusted EBITDA as the profitability measure for its domestic propane segment.

# AmeriGas Adjusted EBITDA



(Millions of dollars)

**EBITDA and Adjusted EBITDA:**

	Three Months Ended December 31,		
	FY17	FY16	FY15
Net income attributable to AmeriGas Partners	\$ 92.0	\$ 81.0	\$ (39.6)
Income tax expense (a)	0.8	0.9	0.9
Interest expense	40.0	41.0	41.0
Depreciation	34.0	38.6	38.7
Amortization	10.6	10.6	10.7
EBITDA	177.4	172.1	51.7
(Subtract net gains) add net losses on commodity derivative instruments not associated with current-period transactions	(25.7)	5.6	138.2
Add loss on extinguishment of debt	33.2	-	-
Noncontrolling interest in net gains (losses) on commodity derivative instruments not associated with current-period transactions (a)	0.2	-	(1.4)
Adjusted EBITDA	<u>\$ 185.1</u>	<u>\$ 177.7</u>	<u>\$ 188.5</u>

(a) Includes the impact of rounding.



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