



**UGI**  
CORPORATION

**AmeriGas**

Fiscal Second Quarter Results  
May 3, 2018

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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, continued analysis of recent tax legislation, 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.

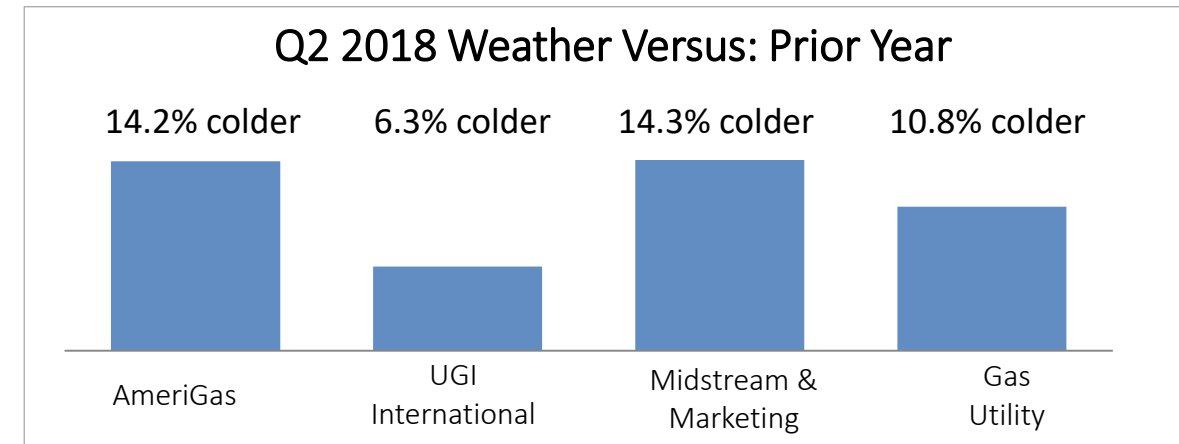
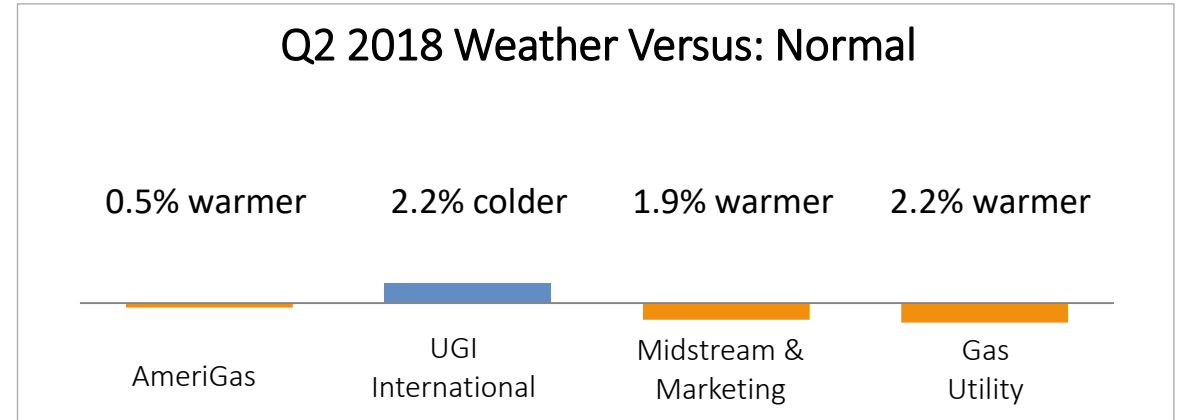
# Second Quarter Recap

John L. Walsh  
President & CEO, UGI

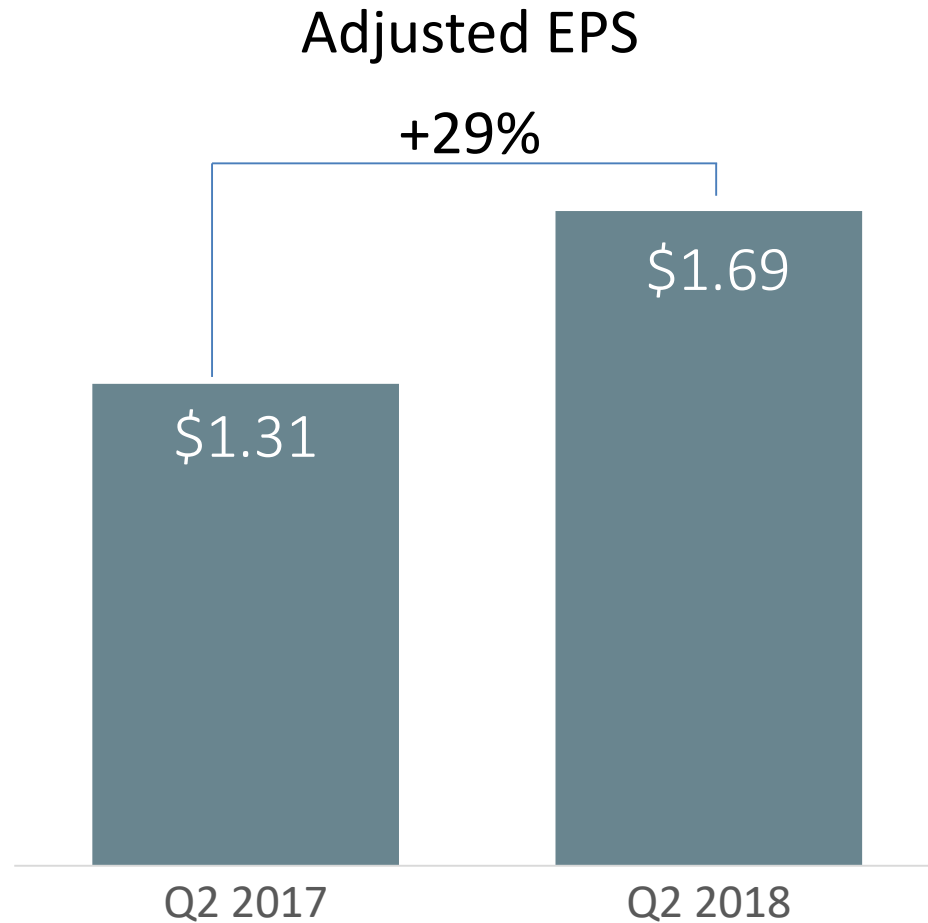


# Second Quarter Summary

- Record GAAP and Adjusted EPS
- All four business units posted higher year-over-year results
- Weather approximately normal; slightly warmer in domestic territories, slightly colder at UGI International



# Q2 Earnings Recap



- Tax rate changes in the U.S. and France contributed \$0.19, net, to adjusted EPS
- Excluding the benefits of tax reform, adjusted EPS was \$1.50, a 15% increase over prior year, and a record Q2 result

# Second Quarter Overview



- Working with PennEast property owners and have obtained 97% survey permission in PA and 50% in NJ
- LNG investments continued to perform very well as peaking and power generation demand across New England and the Mid-Atlantic remains high
- Gas Utility has added nearly 8,600 new residential and commercial heating customers YTD and remains on pace with its infrastructure replacement program
- AmeriGas adjusted EBITDA increased 14% over Q2 2017 as operations successfully responded to variable weather conditions to ensure our customers received high-quality service
- Contributions from recent acquisitions and the strength of the legacy business enabled UGI International to have consecutive years of outstanding heating-season results

# Second Quarter Financial Review

Kirk R. Oliver  
Chief Financial Officer, UGI



# Q2 Adjusted Earnings

(\$ millions, except per share amounts)	Q2 2017	Q2 2018
<b>Net income attributable to UGI Corporation (GAAP)</b>	<b>\$219.9</b>	<b>\$276.0</b>
Net losses on commodity derivative instruments <sup>1,3</sup>	3.1	15.7
Unrealized losses on foreign currency derivative instruments <sup>1</sup>	0.8	1.3
Integration expenses associated with Finagaz <sup>1</sup>	4.4	6.8
Loss on extinguishment of debt <sup>1</sup>	3.6	-
Impact from change in French tax rate	-	3.7
Impact from Tax Cuts and Jobs Act	-	(5.3)
<b>Adjusted net income attributable to UGI Corporation</b>	<b>\$231.8</b>	<b>\$298.2</b>
	Q2 2017	Q2 2018
<b>UGI Corporation - Diluted Earnings Per Share (GAAP)</b>	<b>\$1.24</b>	<b>\$1.57</b>
Net losses on commodity derivative instruments <sup>3</sup>	0.02	0.08
Unrealized losses on foreign currency derivative instruments <sup>2</sup>	0.01	0.01
Integration expenses associated with Finagaz	0.02	0.04
Loss on extinguishment of debt	0.02	-
Impact from change in French tax rate	-	0.02
Impact from Tax Cuts and Jobs Act	-	(0.03)
<b>Adjusted diluted earnings per share</b>	<b>\$1.31</b>	<b>\$1.69</b>

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

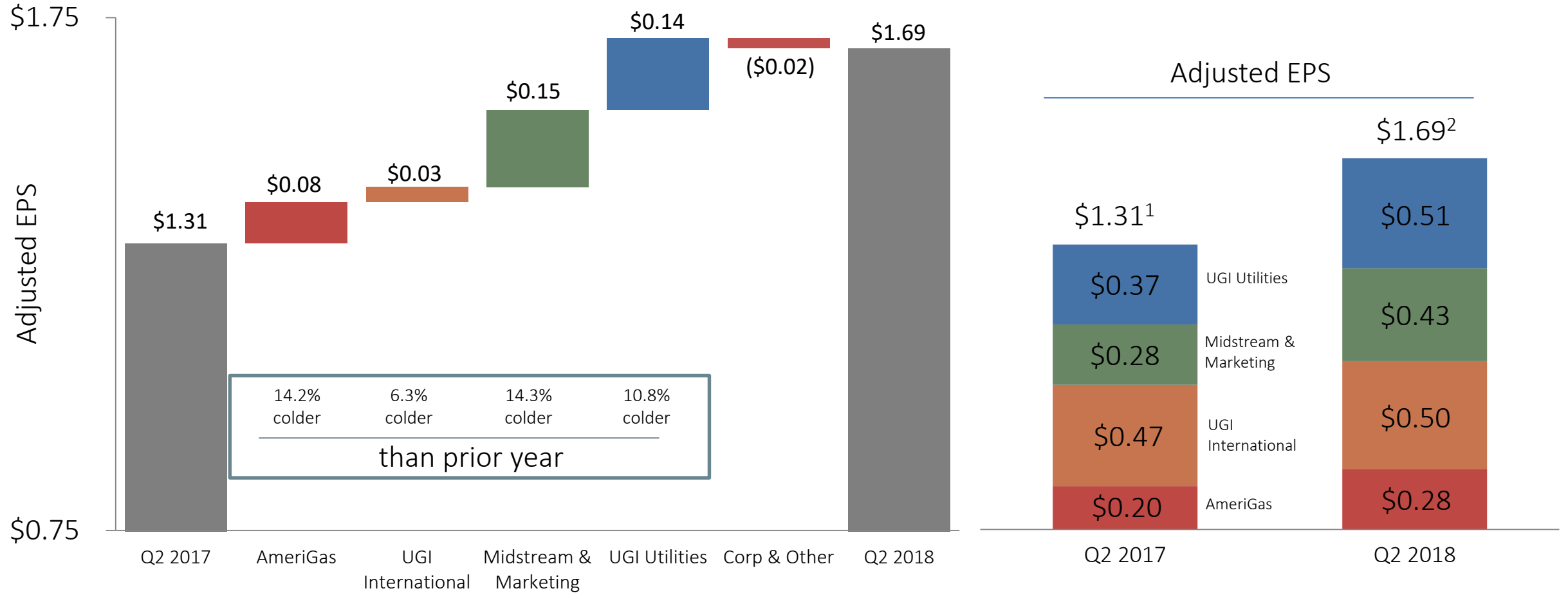
<sup>2</sup> Includes the effects of rounding

<sup>3</sup> Derivative instruments not associated with the current period.



# Q2 Results Recap

A return to near normal weather helped support a 29% increase to Adjusted EPS



Adjusted EPS is a non-GAAP measure. See appendix for reconciliation.

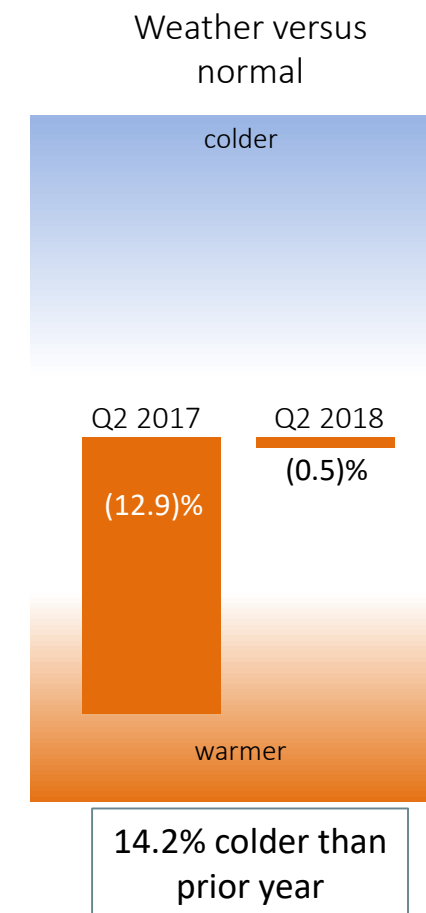
<sup>1</sup> Includes \$(0.01) Corporate & Other

<sup>2</sup> Includes \$(0.03) Corporate & Other

# Financial Results – AmeriGas

(\$ millions)	Q2 2017	Q2 2018
<b>Adjusted EBITDA</b>	<b>\$271.2</b>	
Retail Margin		45.8
Wholesale and Other Total Margin		3.0
Partnership Operating and Administrative Expenses		(11.5)
Other Income and Expense, net		1.0
<b>Adjusted EBITDA</b>		<b>\$309.5</b>

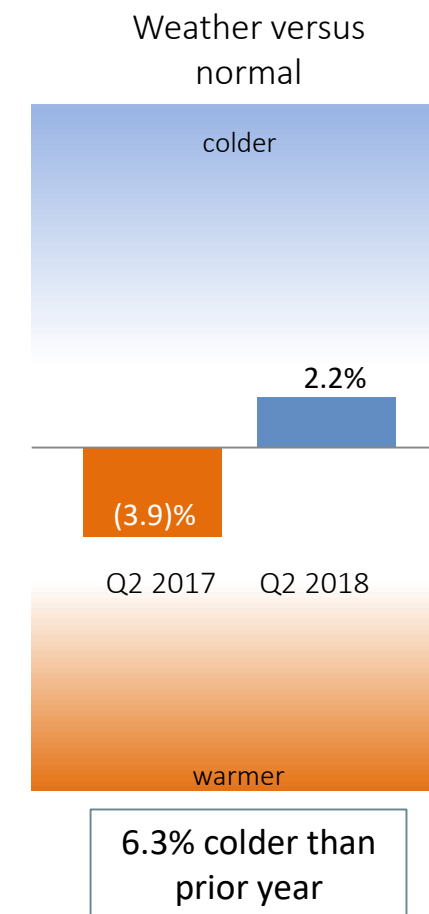
Item	Primary Drivers
Volume ↑	Cold weather in late December, January, and March
Total Margin ↑	Higher retail volumes and slightly higher retail unit margins
Operating and Admin Expenses ↑	Higher compensation and vehicle expenses due to higher volumes



# Financial Results – UGI International

(\$ millions)	Q2 2017	Q2 2018
<b>Income Before Taxes</b>	<b>\$116.2</b>	
Total Margin		60.9
Operating and Administrative Expenses		(39.9)
Depreciation and Amortization		(7.3)
Interest Expense		(0.4)
Other Income and Expense, net		(12.0)
<b>Income Before Taxes</b>		<b>\$117.5</b>
Integration Expenses	6.7	11.3
<b>Adjusted Income Before Taxes</b>	<b>\$122.9</b>	<b>\$128.8</b>

Item	Primary Drivers
LPG Volume ↑	Acquisition of UniverGas in Italy and colder weather
Total Margin ↑	Stronger Fx rates; margin from acquisitions and higher LPG volumes from legacy business
Operating and Admin Expenses ↑	Stronger Fx rates and incremental expenses from acquisitions; partially offset by Finagaz synergies
Other Income & Expense ↓	Realized loss on Fx derivatives

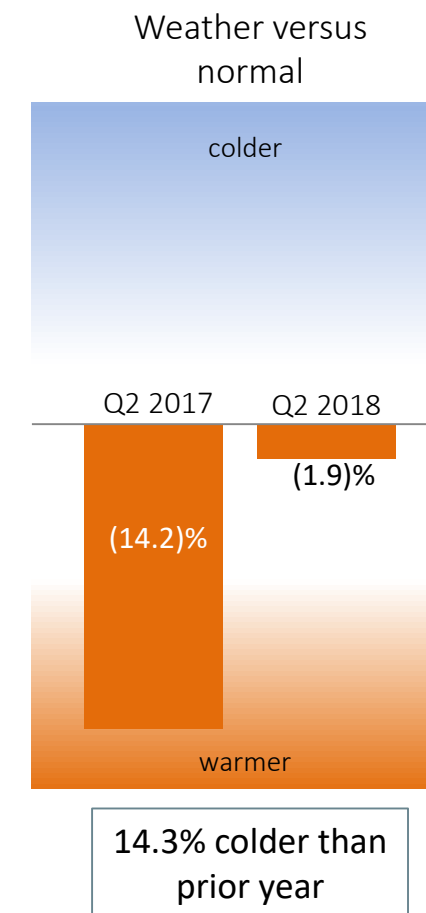


Adjusted Income Before Taxes is a non-GAAP measure.

# Financial Results – Midstream & Marketing

(\$ millions)	Q2 2017	Q2 2018
<b>Income Before Taxes</b>	<b>\$ 83.8</b>	
Total Margin		32.7
Operating and Administrative Expenses		(4.4)
Depreciation and Amortization		(2.0)
Other Income and Expenses, net		(2.5)
<b>Income Before Taxes</b>		<b>\$107.6</b>

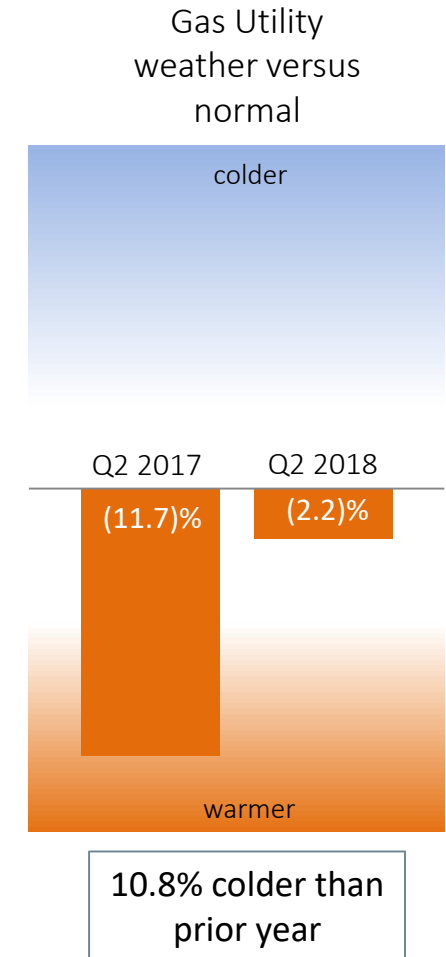
Item	Primary Drivers
Total Margin ↑	Higher capacity management, peaking, gathering and generation total margins
Operating and Admin Expenses ↑	Higher compensation and benefit expenses and greater peaking and gathering activities related to new investments and expanded activities
Other Income & Expense ↓	Absence of AFUDC income associated with Sunbury



# Financial Results – Utilities

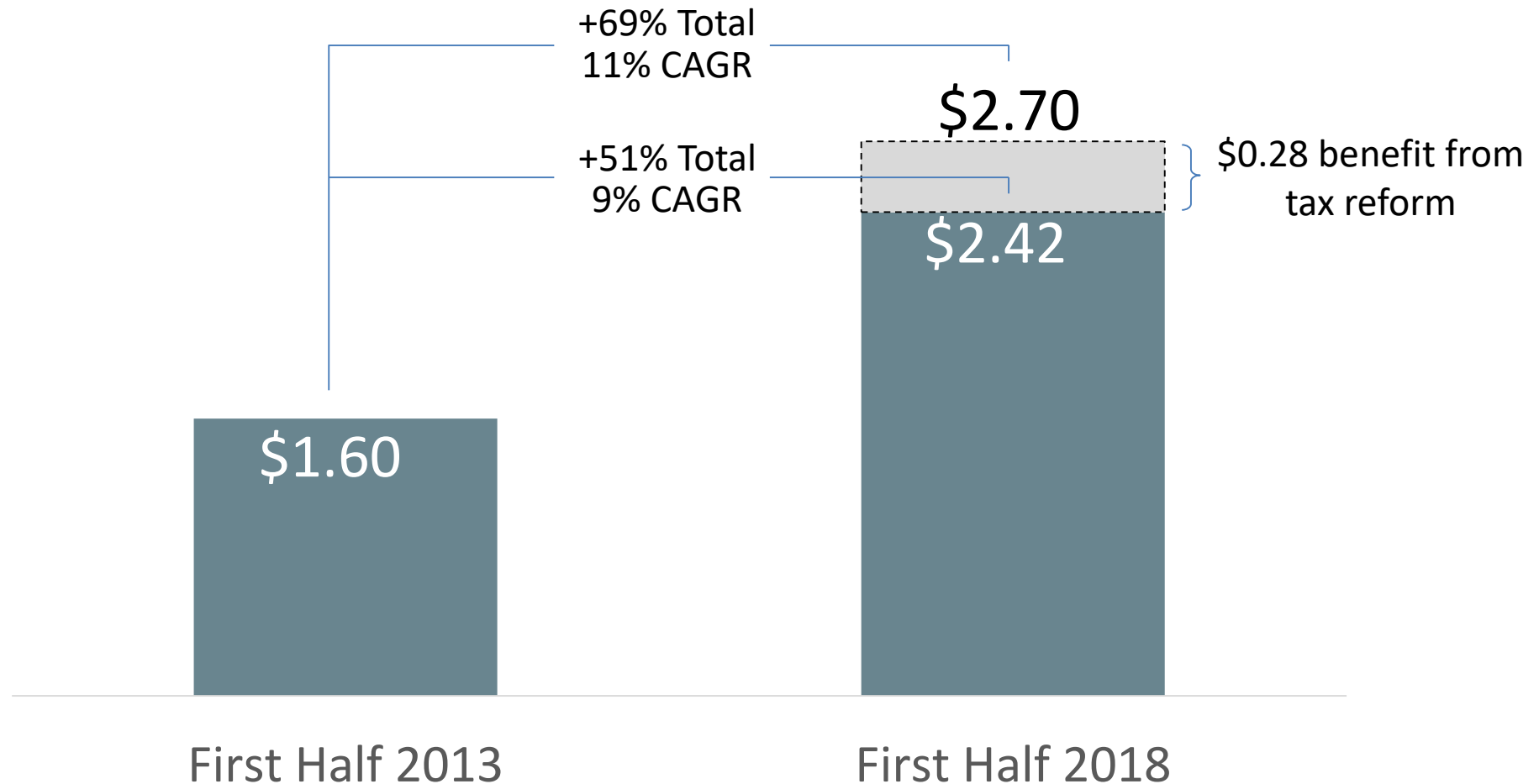
(\$ millions)	Q2 2017		Q2 2018
<b>Income Before Taxes</b>	<b>\$106.1</b>		
Total Margin			30.4
Operating and Administrative Expenses		(8.1)	
Depreciation and Amortization		(3.4)	
Interest Expense		(0.8)	
Other Income and Expense, net		(0.2)	
<b>Income Before Taxes</b>			<b>\$124.0</b>

Item	Primary Drivers
Volume ↑	Core market throughput higher due to colder weather and customer growth
Total Margin ↑	Higher core market throughput, higher large firm delivery service total margin, and increase in PNG base rates
Operating and Admin Expenses ↑	Higher accounts receivable reserves, compensation and benefits due to increased volumes
Depreciation and Amortization ↑	Increased capital expenditure activity



# 2013 – 2018 Adjusted EPS Growth

First Half 2013 and 2018 periods both experienced approximately normal weather



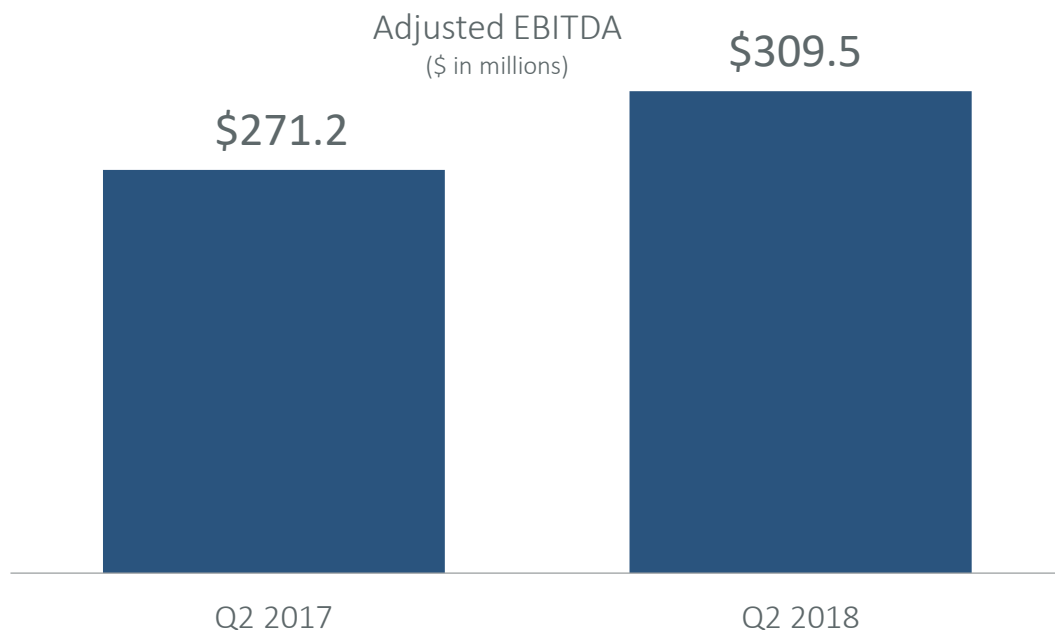
Adjusted EPS is a non-GAAP measure. See appendix for reconciliation.

# AmeriGas Second Quarter Recap

Jerry E. Sheridan  
President & CEO, AmeriGas



# AmeriGas Q2 2018 Earnings Recap



- Volume up 10% on weather that was 14% colder than prior-year period
- Weather was normal, but uneven for the quarter
- Unit margins up slightly despite average costs at Mt. Belvieu that were 18% higher than prior year
  - Propane costs stable throughout the quarter
- Operating expenses up 5% due to higher total compensation costs and vehicle expenses

Original FY18 Guidance (November 9, 2017)	Updated FY18 Guidance (May 3, 2018)
\$650 - \$690 million Adjusted EBITDA	\$625 - \$645 million Adjusted EBITDA

- Excludes the impact of non-cash charge related to impairment of tradenames that will be recorded in Q3



# Growth Initiatives

## Cylinder Exchange

- Volume was up 15% vs. Q2 2017
- 6% increase in same store sales

## National Accounts

- Volume was up 18% vs. Q2 2017 due to weather and new customers

## Acquisitions

- Closed an acquisition in April; expected to add 3 million gallons annually
- Pipeline remains strong



# Trade Names and Distribution Update

## Heritage Tradenames

- Recently completed a review of the operational tradenames acquired with the Heritage acquisition in 2012
- Analysis concluded that the tradenames will have a finite life of 3-5 years and be amortized over that time
- Will record a non-cash charge of approximately \$70 million in Q3 to adjust the fair value
- Impact of charge will be excluded from adjusted EBITDA

## Distribution and Leverage Update

- On April 23, Board of Directors approved a \$0.95 distribution; unchanged from prior quarter
- Holding the distribution flat will contribute to building distribution coverage following two record warm years in 2016 and 2017
- Expect to finish FY18 with improved leverage of ~4.3x and distribution coverage of greater than 1.0x

# Conclusion and Q&A

John L. Walsh  
President & CEO, UGI



# Key Growth Drivers

## Natural Gas Infrastructure

- Record natural gas demand in first two weeks of Q2 highlighted the need for additional infrastructure
  - Peak sendouts were 7-14% above record-level set in Polar Vortex of 2014
- UGI investments to meet higher ongoing demand
  - PennEast
  - Steelton LNG - completed
  - Bethlehem LNG - recently approved
- Plan to deploy \$1.2 billion of capital at Utilities over the next four years

## LPG and International

- AmeriGas scale continues to offer competitive advantage; National Accounts and ACE up 15%+ this quarter
- Acquisitions in Europe
  - DVEP – power and natural gas marketing in Netherlands
  - UniverGas – LPG distribution in Italy
  - Finagaz – acquired in 2015; integration in final stages

# FY 2018 Guidance Update

Original FY18 Adjusted EPS Guidance  
(November 9, 2017)

\$2.45 – \$2.65

- Did not reflect impact of tax reform

Updated FY18 Adjusted EPS Guidance  
(May 3, 2018)

\$2.70 – \$2.80

- Includes the benefit of tax reform (other than one-time items)
- Reflects the strong underlying performance in each of our businesses
- Excludes the impact of the non-cash charge related to impairment of tradenames acquired in the Heritage acquisition that will be recorded in Q3

# Q&A

# 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 and U.S. tax reform legislation. 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 tables on the following slides reconcile 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

Quarter Ended March 31, 2018 (Millions of dollars, except per share)	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
<b>Adjusted net income attributable to UGI Corporation:</b>						
Net income (loss) attributable to UGI Corporation	\$ 276.0	\$ 49.8	\$ 77.4	\$ 76.6	\$ 89.2	\$ (17.0)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of \$(3.9)) (a)	15.7	—	—	—	—	15.7
Unrealized losses on foreign currency derivative instruments (net of tax of \$(0.7)) (a)	1.3	—	—	—	—	1.3
Integration expenses associated with Finagaz (net of tax of \$(4.5)) (a)	6.8	—	6.8	—	—	—
Impact of French Finance Bill	3.7	—	3.7	—	—	—
Impact from Tax Cuts and Jobs Act	(5.3)	—	(0.2)	—	—	(5.1)
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 298.2</u>	<u>\$ 49.8</u>	<u>\$ 87.7</u>	<u>\$ 76.6</u>	<u>\$ 89.2</u>	<u>\$ (5.1)</u>
<b>Adjusted diluted earnings per share:</b>						
UGI Corporation earnings (loss) per share - diluted	\$ 1.57	\$ 0.28	\$ 0.44	\$ 0.43	\$ 0.51	\$ (0.09)
Net losses on commodity derivative instruments not associated with current-period transactions (b)	0.08	—	—	—	—	0.08
Unrealized losses on foreign currency derivative instruments	0.01	—	—	—	—	0.01
Integration expenses associated with Finagaz	0.04	—	0.04	—	—	—
Impact of French Finance Bill	0.02	—	0.02	—	—	—
Impact from Tax Cuts and Jobs Act	(0.03)	—	—	—	—	(0.03)
Adjusted diluted earnings (loss) per share	<u>\$ 1.69</u>	<u>\$ 0.28</u>	<u>\$ 0.50</u>	<u>\$ 0.43</u>	<u>\$ 0.51</u>	<u>\$ (0.03)</u>
(a) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.						
(b) Includes the effects of rounding associated with per share amounts.						

# UGI Adjusted Net Income and EPS

Quarter Ended March 31, 2017 (Millions of dollars except per share)	Total	AmeriGas Propane	UGI International	Midstream & Marketing	UGI Utilities	Corporate & Other
<b>Adjusted net income attributable to UGI Corporation:</b>						
Net income (loss) attributable to UGI Corporation	\$ 219.9	\$ 32.0	\$ 79.3	\$ 50.2	\$ 65.1	\$ (6.7)
Net losses on commodity derivative instruments not associated with current-period transactions (net of tax of \$1.5) (a)	3.1	—	—	—	—	3.1
Unrealized losses on foreign currency derivative instruments (net of tax of \$(0.5)) (a)	0.8	—	—	—	—	0.8
Loss on extinguishments of debt (net of tax of \$(2.3)) (a)	3.6	3.6	—	—	—	—
Integration expenses associated with Finagaz (net of tax of \$(2.3)) (a)	4.4	—	4.4	—	—	—
Adjusted net income (loss) attributable to UGI Corporation	<u>\$ 231.8</u>	<u>\$ 35.6</u>	<u>\$ 83.7</u>	<u>\$ 50.2</u>	<u>\$ 65.1</u>	<u>\$ (2.8)</u>
<b>Adjusted diluted earnings per share:</b>						
UGI Corporation earnings (loss) per share - diluted	\$ 1.24	\$ 0.18	\$ 0.45	\$ 0.28	\$ 0.37	\$ (0.04)
Net losses on commodity derivative instruments not associated with current-period transactions	0.02	—	—	—	—	0.02
Unrealized losses on foreign currency derivative instruments (b)	0.01	—	—	—	—	0.01
Loss on extinguishments of debt	0.02	0.02	—	—	—	—
Integration expenses associated with Finagaz	0.02	—	0.02	—	—	—
Adjusted diluted earnings (loss) per share	<u>\$ 1.31</u>	<u>\$ 0.20</u>	<u>\$ 0.47</u>	<u>\$ 0.28</u>	<u>\$ 0.37</u>	<u>\$ (0.01)</u>
(a) Income taxes associated with pre-tax adjustments determined using statutory business unit tax rates.						
(b) Includes the effects of rounding.						

# 2013 UGI Adjusted Net Income and EPS

For the Six Months ended March 31, 2013	
(Millions of dollars, except per share)	<u>2013</u>
<b>Adjusted net income attributable to UGI Corporation:</b>	
Net income attributable to UGI Corporation	\$ 283.2
Net unrealized gains on Midstream & Marketing's unsettled commodity derivative instruments (net of tax of \$2.4)(a)	(3.4)
Net gains on certain Midstream & Marketings settled commodity derivative instruments (net of tax of \$3.3)(a)	(4.6)
Adjusted net income attributable to UGI Corporation	<u>\$ 275.2</u>
<b>Adjusted diluted earnings per share</b>	
Earnings per share - diluted	\$ 1.65
Net unrealized gains on Midstream & Marketings's unsettled commodity derivative instruments	(0.02)
Net gains on certain Midsream and Marketing settled commodity derivative instruments	(0.03)
Adjusted earnings per share - diluted	<u>\$ 1.60</u>
(a) 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 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 EBITDA and Adjusted EBITDA

(Millions of dollars)	Quarter Ended March 31,	
	2018	2017
<b>EBITDA and Adjusted EBITDA</b>		
Net income attributable to AmeriGas Partners	\$ 191.8	\$ 135.1
Income tax expense (a)	0.6	0.6
Interest expense	41.0	40.0
Depreciation	35.6	34.4
Amortization	9.6	10.6
EBITDA	278.6	220.7
Add net losses on commodity derivative instruments not associated with current-period transactions	31.2	28.6
Loss on extinguishments of debt	-	22.1
Noncontrolling interest in net losses on commodity derivative instruments not associated with current-period transactions (a)	(0.3)	(0.2)
Adjusted EBITDA	\$ 309.5	\$ 271.2
(a) Includes the impact of rounding.		

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