



Michael Gaugler

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Gas and Electric Utilities

Price:	\$56.52
Fair Value Estimate:	\$60.00
52-Week Range:	\$42.51 - \$57.18
Market Cap (MM):	9,827
Shr.O/S-Diluted (mm):	173.9
Average Daily Volume:	842,464
Dividend:	\$1.04
Yield:	1.8%

FYE: Sept	2018A	2019E	2020E
EPS:	\$2.74A	\$2.94E	\$3.15E
Prior EPS:		NC	NC
P/E Ratio:	20.6x	19.2x	17.9x

Quarterly EPS:

Q1	\$1.01A	\$1.26E	\$1.24E
Q2	\$1.69A	\$1.63E	\$1.73E
Q3	\$0.09A	\$0.14E	\$0.30E
Q4	\$(0.04)A	\$(0.08)E	\$(0.11)E
EPS: Adjusted			



November 13, 2018

UGI Corporation

(UGI) - BUY

UGI: First Look; Reports FY2018 Results, Maintain BUY Rating, \$60 Fair Value

PORTFOLIO MANAGER BRIEF

UGI's FY18 results met expectations, with no surprises across the various operating segments. The Company offered FY19 EPS guidance that was inclusive of the consensus forecast, and we've made no adjustments to our forward estimates ahead of this morning's conference call. We maintain our BUY rating and \$60 Fair Value on UGI shares, based on a P/E of 19x our FY20 EPS estimate of \$3.15.

ANALYST NOTES

- FY4Q18 Results Met Expectations. Revenues of \$1.273B were above our \$1.197B forecast (consensus was \$1.224B) while adjusted loss per share of \$(0.04) matched our estimate and consensus. Weather was normal domestically, warmer-than-normal internationally.
- Full Year Results Showed Solid Improvement. By the segments, AmeriGas partnership adjusted EBITDA increased 9.8% YOY on a 3.3% improvement in retail gallons sold; UGI International operating income increased 14% despite warmer than normal weather (LPG retail gallons increased 7.1%). The Midstream & Marketing segment saw its operating income increase 24.9%, benefitting from higher natural gas gathering, capacity management, peaking total margin and higher electricity generation total margin. UGI Utilities operating income increased a modest 4.0%, as throughput increased 14% on colder temperatures versus the prior year.
- FY19 EPS Guidance Within Consensus. UGI offered an adjusted EPS guidance range for FY2019 of \$2.75 to \$2.95. Going into the quarter, our estimate was \$2.94; consensus \$2.88. The guidance range assumes normal weather over a 15-year average.
- Summary/Valuation. UGI's year-end results turned out as expected, and FY19 guidance was where we expected it to be. We've made no changes to our FY19 or FY20 estimates heading into this morning's conference call; if changes are warranted after the call, we'll do so in a follow-up note after the 10K is filed. In terms of the forward outlook, it remains strong across the various operating segments, and our positive investment thesis remains unchanged. We maintain our BUY rating and \$60 Fair Value on UGI shares, based on a P/E of 19x our FY20 EPS estimate of \$3.15.

IMPORTANT DISCLOSURES

Research Analyst Certification

I, Michael Gaugler, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from UGI Corporation in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 09/30/2018

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	124	49.60	26	20.97
NEUTRAL [N]	124	49.60	23	18.55
SELL [S]	2	0.80	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

Other Disclosures

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