



Michael Gaugler

215-665-1359 mgaugler@janney.com

Gas and Electric Utilities

Price:	\$54.96
Fair Value Estimate:	\$65.00
52-Week Range:	\$48.00 - \$59.31
Market Cap (MM):	9,569
Shr.O/S-Diluted (mm):	174.1
Average Daily Volume:	1,296,802
Dividend:	\$1.20
Yield:	2.2%

FYE: Sept	2018A	2019E	2020E
EPS:	\$2.74A	\$2.46E	\$3.10E
Prior EPS:		\$2.48	NC
P/E Ratio:	20.1x	22.3x	17.7x

Quarterly EPS:

Q1	\$1.01A	\$0.81A	\$0.94E
Q2	\$1.69A	\$1.43A	\$1.84E
Q3	\$0.09A	\$0.26E	\$0.18E
Q4	\$(0.04)A	\$(0.04)E	\$0.14E

EPS: Adjusted

May 7, 2019

UGI Corporation

(UGI) - BUY

UGI: First Look at FY2Q19 Results; Maintain BUY Rating, \$65 Fair Value

PORTFOLIO MANAGER BRIEF

UGI's FY2Q19 adjusted EPS of \$1.43 fell short of the consensus forecast of \$1.56, but the company maintained its FY2019 adjusted EPS guidance range of \$2.40 to \$2.60. Slightly warmer-than-normal weather at Midstream & Marketing, UGI Utilities and UGI International negatively impacted results. Looking forward, UGI's gas utility operations have a sizable (\$71.1MM) rate case with the Pennsylvania Public Utility Commission (PAPUC), and it remains on-track to acquire all the units of AmeriGas in FY4Q19. We've made only minor adjustments to our forward estimates (we'll refine after the 10Q's are filed) and maintain our BUY rating and \$65 Fair Value, based on a P/E of 21x our 2020 EPS estimate of \$3.10.

ANALYST NOTES

- FY2Q19 Results Below Expectations. UGI's adjusted EPS of \$1.43 fell short of the consensus forecast of \$1.56 (and were lower YOY), as slightly warmer-than-normal weather in 3 reporting segments (Midstream & Marketing, UGI Utilities and UGI International) negatively impacted results.
- AmeriGas Acquisition Continues to Move Forward. UGI filed an S-4 registration statement yesterday in addition to its FY2Q19 results in support of its merger with AmeriGas. The company still expects to close the transaction in FY4Q19.
- 2019 Guidance Re-Affirmed. UGI re-affirmed its FY2019 adjusted EPS guidance of \$2.40 to \$2.60. We lowered our FY19 adjusted EPS estimate slightly to account for some of the shortfall in FY2Q19. FY20 EPS estimates are maintained.
- Summary/Valuation. We'll wait for the UGI/APU 10Q filings to refine our existing forecasts and introduce 2021 EPS estimates. The company's Pennsylvania rate case filed in January sets the stage for improved utility performance in FY20, and we look forward to this morning's call for updates on several initiatives, including the PennEast Pipeline project. We maintain our BUY rating and \$65 Fair Value, based on a P/E of 21x our 2020 EPS estimate of \$3.10.



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

AmeriGas Partners, L.P. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from UGI Corporation and AmeriGas Partners, L.P. 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.

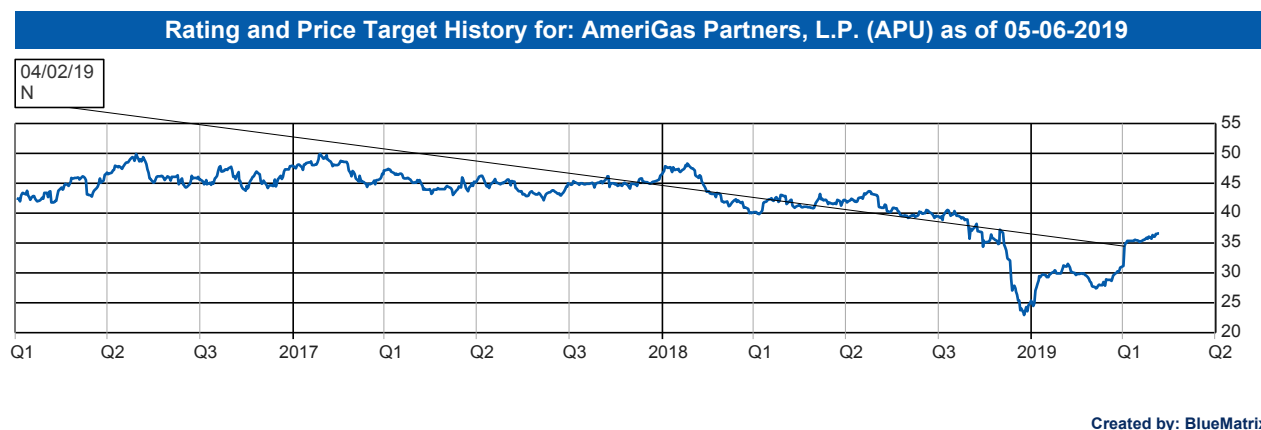
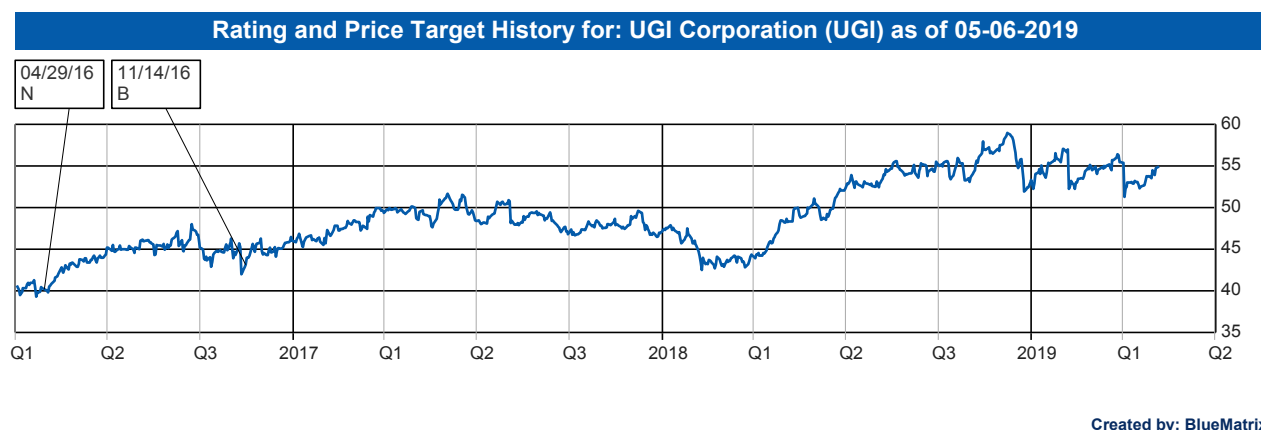
Definition of Ratings

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 03/31/2019

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	99	54.39	29	29.29
NEUTRAL [N]	83	45.60	17	20.48
SELL [S]	0	0.00	0	0.00

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

Other Disclosures

Janney Montgomery Scott LLC, is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corp.

This report is for your information only and is not an offer to sell or a solicitation of an offer to buy the securities or instruments named or described in this report. Interested parties are advised to contact the entity with which they deal or the entity that provided this report to them, should they desire further information. The information in this report has been obtained or derived from sources believed by Janney Montgomery Scott LLC, to be reliable. Janney Montgomery Scott LLC, however, does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of Janney Montgomery Scott LLC at this time and are subject to change without notice.

Investment opinions are based on each stock's 6-12 month return potential. Our ratings are not based on formal price targets, however, our analysts will discuss fair value and/or target price ranges in research reports. Decisions to buy or sell a stock should be based on the investor's investment objectives and risk tolerance and should not rely solely on the rating. Investors should read carefully the entire research report, which provides a more complete discussion of the analyst's views. Supporting information related to the recommendation, if any, made in the research report is available upon request.