

# UGI CORP /PA/

## FORM 8-K (Current report filing)

Filed 07/31/13 for the Period Ending 07/30/13

Address	460 N GULPH RD P O BOX 858 KING OF PRUSSIA, PA 19406
Telephone	6103371000
CIK	0000884614
Symbol	UGI
SIC Code	4932 - Gas and Other Services Combined
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): July 30, 2013**

**UGI Corporation**

(Exact name of registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction  
of incorporation)

**1-11071**  
(Commission  
File Number)

**23-2668356**  
(I.R.S. Employer  
Identification No.)

**460 No. Gulph Road, King of Prussia, Pennsylvania**  
(Address of principal executive offices)

**19406**  
(Zip Code)

**Registrant's telephone number, including area code: 610 337-7000**

**Not Applicable**  
Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition.**

On July 30, 2013 , UGI Corporation (the “Company”) issued a press release announcing financial results for the Company for the fiscal quarter ended June 30, 2013 . A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

On July 31, 2013 , the Company will hold a live Internet Audio Webcast of its conference call to discuss its financial results for the third quarter ended June 30, 2013 .

Presentation materials containing certain historical and forward-looking information relating to the Company (the “Presentation Materials”) have been made available on the Company’s website. A copy of the Presentation Materials is furnished as Exhibit 99.2 to this report and is incorporated herein by reference in this Item 7.01. All information in Exhibit 99.2 is presented as of the particular dates referenced therein, and the Company does not undertake any obligation to, and disclaims any duty to, update any of the information provided.

*In accordance with General Instruction B.2 of Form 8-K, the information in this report, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and will not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in that filing.*

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits. The following exhibits are being furnished herewith:

99.1	Press Release of UGI Corporation dated July 30, 2013, reporting its financial results for the fiscal quarter ended June 30, 2013.
99.2	Presentation of UGI Corporation dated July 31, 2013.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UGI Corporation

*July 31, 2013*

*By: /s/ Kirk R. Oliver*

*Name: Kirk R. Oliver*

*Title: Chief Financial Officer*

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**EXHIBIT INDEX**

**The Following Exhibits Are Furnished:**

EXHIBIT NO.	DESCRIPTION
99.1	Press Release of UGI Corporation dated July 30, 2013, reporting its financial results for the fiscal quarter ended June 30, 2013.
99.2	Presentation of UGI Corporation dated July 31, 2013.

Contact: 610-337-1000  
Simon Bowman, ext. 3645  
Shelly Oates, ext. 3202

For Immediate Release:  
July 30, 2013

### UGI Reports Strong Third Quarter Earnings, Confirms Guidance

VALLEY FORGE, Pa., July 30 - UGI Corporation (NYSE: UGI) today reported net income attributable to UGI of \$14.7 million, or \$0.13 per diluted share, for the third quarter of fiscal 2013 ended June 30, 2013, compared to a net loss of \$6.3 million, or \$0.06 per diluted share, for the prior-year period. Results for the prior-year period include the after-tax impact of acquisition and transition costs of \$3.4 million (\$0.03 per share) associated with the Heritage Propane acquisition at AmeriGas and the Shell acquisition at UGI International.

John Walsh, president and chief executive officer of UGI, said, "I am pleased to report strong third quarter results, which represent a marked improvement over last year's third quarter. The improved performance illustrates the strength and diversified earnings power of UGI. At AmeriGas, the benefits of the Heritage Propane acquisition and strong growth in our AmeriGas Cylinder Exchange and National Accounts programs helped drive performance. UGI International also saw substantially improved results due to colder weather and falling LPG prices. Although higher operating expenses reduced Gas Utility's results in the quarter, this business remains on pace to convert a record number of residential and commercial customers from heating oil to clean-burning, affordable natural gas. Meanwhile, Midstream and Marketing saw improved performance driven by electric generation and midstream services and its construction of the Auburn II pipeline is on schedule with a target in-service date of early fiscal 2014."

Walsh continued, "Based upon our results to date and our assessment of business conditions for the remainder of fiscal 2013, we continue to expect earnings per diluted share for fiscal 2013 within our previously-stated guidance of \$2.40 to \$2.50."

### Segment Performance (Millions, except where otherwise indicated)

#### AmeriGas Propane:

<i>For the three months ended June 30,</i>	2013		2012		Increase	
Revenues	\$	581.7	\$	571.9	\$	9.8 1.7%
Total margin (a)	\$	276.0	\$	237.9	\$	38.1 16.0%
Partnership EBITDA	\$	59.1	\$	1.8	\$	57.3 N.M.
Operating income (loss)	\$	6.6	\$	(48.4)	\$	55.0 N.M.
Retail gallons sold		224.7		204.0		20.7 10.1%
Degree days - % colder (warmer) than normal		0.5%		(23.8)%		
Capital expenditures	\$	26.3	\$	25.2	\$	1.1 4.4%

- Retail gallons sold reflect weather that was about normal compared with weather that was 24% warmer than normal in the prior-year period.
- Revenues increased reflecting higher retail volumes sold partially offset by lower average selling prices.

- MORE -

- The average wholesale cost of propane at Mont Belvieu, Texas for the current quarter was approximately 7% lower than the average cost for the same period last year.
- Total margin increased principally due to higher volumes sold and modestly higher average retail propane unit margins.
- Operating and administrative expenses decreased \$18.5 million reflecting expense synergies from the Heritage acquisition, lower self-insured liability and casualty expenses, and lower transition expenses.
- Operating income increased \$55.0 million primarily reflecting the higher total margin and the lower operating and administrative expenses partially offset by increased depreciation and amortization expenses (\$3.0 million).

**UGI International:**

<i>For the three months ended June 30,</i>	2013	2012	Increase	
Revenues	\$ 431.7	\$ 405.2	\$ 26.5	6.5%
Total margin (a)	\$ 148.2	\$ 118.6	\$ 29.6	25.0%
Operating income	\$ 21.0	\$ 1.2	\$ 19.8	N.M.
Income (loss) before income taxes	\$ 13.6	\$ (6.4)	\$ 20.0	N.M.
Retail gallons sold	126.6	119.0	7.6	6.4%
Degree days - % colder (warmer) than normal:				
Antargaz	19.7 %	(3.5)%		
Flaga	(7.2)%	(20.4)%		
Capital expenditures	\$ 15.7	\$ 14.8	\$ 0.9	6.1%

- Weather in our European service territories was colder than normal at Antargaz but warmer than normal at Flaga. Notwithstanding the variances to normal weather, our European LPG businesses experienced spring weather that was significantly colder than the prior-year three-month period.
- Revenues were greater than the prior-year period, as higher LPG volumes sold and, to a lesser extent, increased revenues from natural gas marketing activities in France were partially offset by lower LPG commodity prices.
- Average wholesale propane prices in Northwest Europe were approximately 6% lower than in the prior-year period while average wholesale butane prices were approximately 8% lower than the prior-year period.
- Total margin increased principally reflecting higher retail unit margins primarily at Antargaz and, to a lesser extent, the effects of the greater retail volumes sold.
- Operating income and income before income taxes were higher than the prior-year period, primarily reflecting the higher total margin partially offset by greater operating and administrative costs and slightly higher depreciation expense.
- The average euro-to-dollar translation rate for the current quarter and the prior-year period was approximately \$1.30 and \$1.29, respectively.

**Gas Utility:**

<i>For the three months ended June 30,</i>	2013	2012	Increase (decrease)	
Revenues	\$ 126.7	\$ 122.3	\$ 4.4	3.6 %
Total margin (a)	\$ 74.3	\$ 70.9	\$ 3.4	4.8 %
Operating income	\$ 16.1	\$ 22.5	\$ (6.4)	(28.4)%
Income before income taxes	\$ 6.9	\$ 12.6	\$ (5.7)	(45.2)%
System throughput - billions of cubic feet ("bcf")				
Core market	8.8	8.3	0.5	6.0 %
Total	35.9	36.2	(0.3)	(0.8)%
Degree days - % (warmer) than normal	(7.1)%	(19.0)%		
Capital expenditures	\$ 37.3	\$ 29.0	\$ 8.3	28.6 %

- MORE -

- Weather during the quarter was 7.1% warmer than normal but 14.4% colder than the prior-year period.
- Throughput to core-market customers increased 6.0% reflecting the effects of the colder weather and, to a much lesser extent, customer growth due to conversions from oil.
- Revenue increased reflecting higher revenues from retail core-market customers and large firm delivery service customers, and slightly higher revenue from off-system sales.
- Total margin increased \$3.4 million principally reflecting higher core market total margin (\$1.3 million) and greater large firm delivery service total margin.
- Operating income decreased primarily due to higher operating expenses including, among other things, higher uncollectible accounts expense, higher pension and benefits expense, and higher distribution system expenses.
- Capital expenditures increased \$8.3 million, primarily due to increased pipeline replacement.

**Midstream & Marketing:**

*For the three months ended June 30,*

	2013	2012	Increase	
Revenues	\$ 247.8	\$ 166.7	\$ 81.1	48.7%
Total margin (a)	\$ 27.1	\$ 21.5	\$ 5.6	26.0%
Operating income	\$ 8.2	\$ 4.9	\$ 3.3	67.3%
Income before income taxes	\$ 7.6	\$ 3.7	\$ 3.9	105.4%
Capital expenditures	\$ 26.4	\$ 13.6	\$ 12.8	94.1%

- The revenue increase primarily reflects higher natural gas revenues and to a much lesser extent, greater electric generation revenues. The increase in natural gas revenues principally reflects higher wholesale volumes sold and higher average selling prices for natural gas, while the increase in Electric Generation revenues reflects higher average electricity prices and generating output.
- Total margin increased due to higher Electric Generation total margin (\$3.4 million), and increased peaking, capacity management, and storage total margin (\$4.7 million). These increases were partially offset by lower retail power margin.
- Operating income was higher due to the increase in total margin partially offset by higher operating and depreciation expenses.
- Capital expenditures increased due principally to the Auburn II project.

(a) Total margin represents total revenues less total cost of sales.

**About UGI**

UGI is a distributor and marketer of energy products and services. Through subsidiaries, UGI operates natural gas and electric utilities in Pennsylvania, distributes propane both domestically and internationally, manages midstream energy and electric generation assets in Pennsylvania, and engages in energy marketing in the Mid-Atlantic region. UGI, through subsidiaries, is the sole General Partner and owns 26% of AmeriGas Partners, L.P. (NYSE:APU), the nation's largest retail propane distributor.

*UGI Corporation will hold a live Internet Audio Webcast of its conference call to discuss third quarter earnings and other current activities at 9:00 AM ET on Wednesday, July 31, 2013. Interested parties may listen to the audio webcast both live and in replay on the Internet at <http://www.ugicorp.com/investor-relations/events-and-presentations/default.aspx> or at the company website <http://www.ugicorp.com> under Investor Relations. A telephonic replay will be available from 12:00 PM ET on July 31 through 9:00 PM ET on August 5. The replay may be accessed at 1-877-344-7529, conference ID 10019735 and International access 1-412-317-0088, conference ID 10019735.*

Comprehensive information about UGI Corporation is available on the Internet at <http://www.ugicorp.com>

- MORE -

*This press release 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, domestic and international political, regulatory and economic conditions including currency exchange rate fluctuations (particularly the euro), the timing of development of Marcellus Shale gas production, the timing and success of our commercial initiatives and investments to grow our business, and our ability to successfully integrate acquired businesses, and achieve anticipated synergies. UGI undertakes no obligation to release revisions to its forward-looking statements to reflect events or circumstances occurring after today.*

**UGI CORPORATION**  
**REPORT OF EARNINGS**  
(Millions of dollars, except per share)  
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
AmeriGas Propane	\$ 581.7	\$ 571.9	\$ 2,634.6	\$ 2,411.3	\$ 3,144.9	\$ 2,871.5
UGI International	431.8	405.2	1,780.2	1,605.2	2,121.0	1,871.8
Gas Utility	126.7	122.3	743.6	696.8	832.2	801.5
Midstream & Marketing	247.8	166.7	809.9	674.5	988.4	877.2
Corporate & Other (a)	(15.7)	11.1	(35.7)	5.7	(28.2)	10.8
<b>Total revenues</b>	<b>\$ 1,372.3</b>	<b>\$ 1,277.2</b>	<b>\$ 5,932.6</b>	<b>\$ 5,393.5</b>	<b>\$ 7,058.3</b>	<b>\$ 6,432.8</b>
<b>Operating income (loss):</b>						
AmeriGas Propane	\$ 6.6	\$ (48.4)	\$ 403.9	\$ 206.7	\$ 367.5	\$ 196.7
UGI International	21.0	1.2	160.4	113.1	159.1	98.4
Gas Utility	16.1	22.5	191.6	168.7	195.1	175.1
Midstream & Marketing	8.2	4.9	79.7	59.4	82.7	65.6
Corporate & Other (a)	1.2	0.6	(0.2)	2.0	2.4	3.6
<b>Total operating income (loss)</b>	<b>53.1</b>	<b>(19.2)</b>	<b>835.4</b>	<b>549.9</b>	<b>806.8</b>	<b>539.4</b>
(Loss) income from equity investees	0.0	(0.1)	0.1	(0.2)	0.0	(0.3)
Gain (loss) on extinguishments of debt	0.0	0.1	0.0	(13.3)	0.0	(32.6)
<b>Interest expense:</b>						
AmeriGas Propane	(41.2)	(41.8)	(124.2)	(103.4)	(163.4)	(119.5)
UGI International	(7.4)	(7.5)	(22.8)	(23.1)	(30.6)	(30.7)
Gas Utility	(9.2)	(9.9)	(28.1)	(30.1)	(38.1)	(40.3)
Midstream & Marketing	(0.6)	(1.2)	(2.4)	(3.6)	(3.6)	(4.3)
Corporate & Other, net (a)	(0.8)	(0.9)	(2.1)	(2.4)	(2.8)	(3.2)
<b>Total interest expense</b>	<b>(59.2)</b>	<b>(61.3)</b>	<b>(179.6)</b>	<b>(162.6)</b>	<b>(238.5)</b>	<b>(198.0)</b>
(Loss) income before income taxes	(6.1)	(80.5)	655.9	373.8	568.3	308.5
Income tax (expense) benefit	(9.0)	4.0	(174.1)	(113.2)	(160.5)	(96.8)
Net (loss) income	(15.1)	(76.5)	481.8	260.6	407.8	211.7
Add net loss (deduct net income) attributable to noncontrolling interests, principally in AmeriGas Partners, L.P.	29.8	70.2	(192.6)	(46.5)	(133.3)	(20.0)
<b>Net income (loss) attributable to UGI Corporation</b>	<b>\$ 14.7</b>	<b>\$ (6.3)</b>	<b>\$ 289.2</b>	<b>\$ 214.1</b>	<b>\$ 274.5</b>	<b>\$ 191.7</b>
<b>Earnings (loss) per share attributable to UGI shareholders:</b>						
Basic	\$ 0.13	\$ (0.06)	\$ 2.54	\$ 1.90	\$ 2.42	\$ 1.71
Diluted	\$ 0.13	\$ (0.06)	\$ 2.51	\$ 1.89	\$ 2.39	\$ 1.69
<b>Average common shares outstanding (thousands):</b>						
Basic	114,240	112,726	113,693	112,484	113,483	112,399
Diluted	116,196	112,726	115,275	113,295	114,913	113,354
<b>Supplemental information:</b>						
<b>Net income (loss) attributable to UGI Corporation:</b>						
AmeriGas Propane	\$ (2.9)	\$ (12.3)	\$ 52.8	\$ 26.0	\$ 42.7	\$ 15.3
UGI International	8.4	(8.1)	97.3	72.9	89.5	60.2
Gas Utility	4.1	7.0	96.2	84.4	92.3	81.6
Midstream & Marketing	4.6	2.5	46.6	34.2	48.8	38.6
Corporate & Other (a)	0.5	4.6	(3.7)	(3.4)	1.2	(4.0)
<b>Total net income (loss) attributable to UGI Corporation</b>	<b>\$ 14.7</b>	<b>\$ (6.3)</b>	<b>\$ 289.2</b>	<b>\$ 214.1</b>	<b>\$ 274.5</b>	<b>\$ 191.7</b>

(a) Corporate & Other includes the elimination of certain intercompany transactions and, with respect to net income, consolidated effective tax rate adjustments.



**Third Quarter 2013  
Earnings Conference Call  
July 31, 2013**

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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, domestic and international political, regulatory and economic conditions including currency exchange rate fluctuations (particularly the euro), the timing of development of Marcellus Shale gas production, the timing and success of our commercial initiatives and investments to grow our business, and our ability to successfully integrate acquired businesses and achieve anticipated synergies. UGI undertakes no obligation to release revisions to its forward-looking statements to reflect events or circumstances occurring after today.



## **John Walsh**

President & CEO, UGI

## **Kirk Oliver**

Chief Financial Officer, UGI

## **Jerry Sheridan**

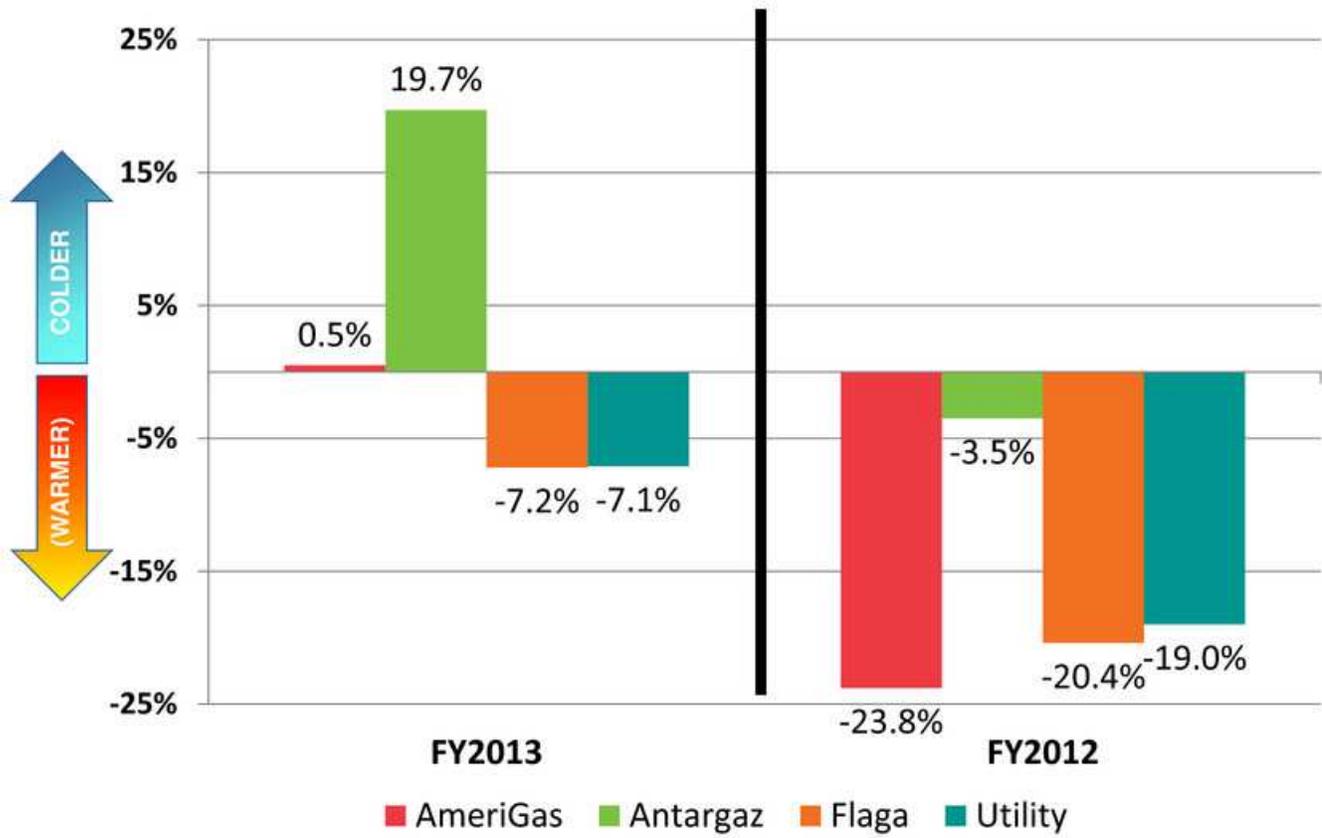
President & CEO, AmeriGas

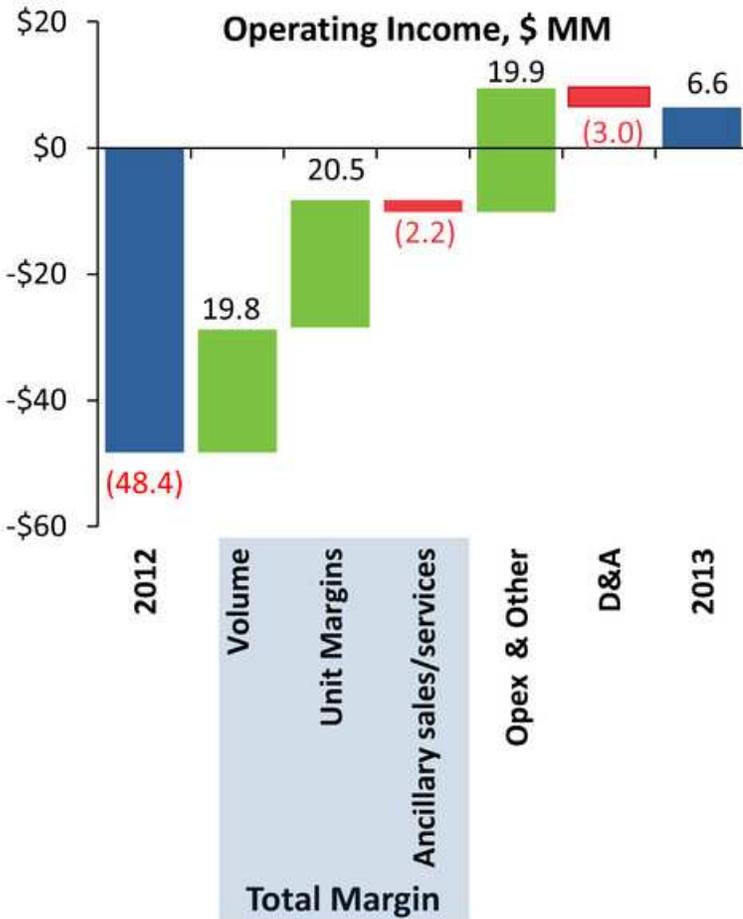
July 31, 2013

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**Almost \$15 MM of net income this quarter versus a \$6 MM loss in Q3 of FY12**





**VOLUME**

- Colder weather
- ACE and National Accounts

**MARGIN**

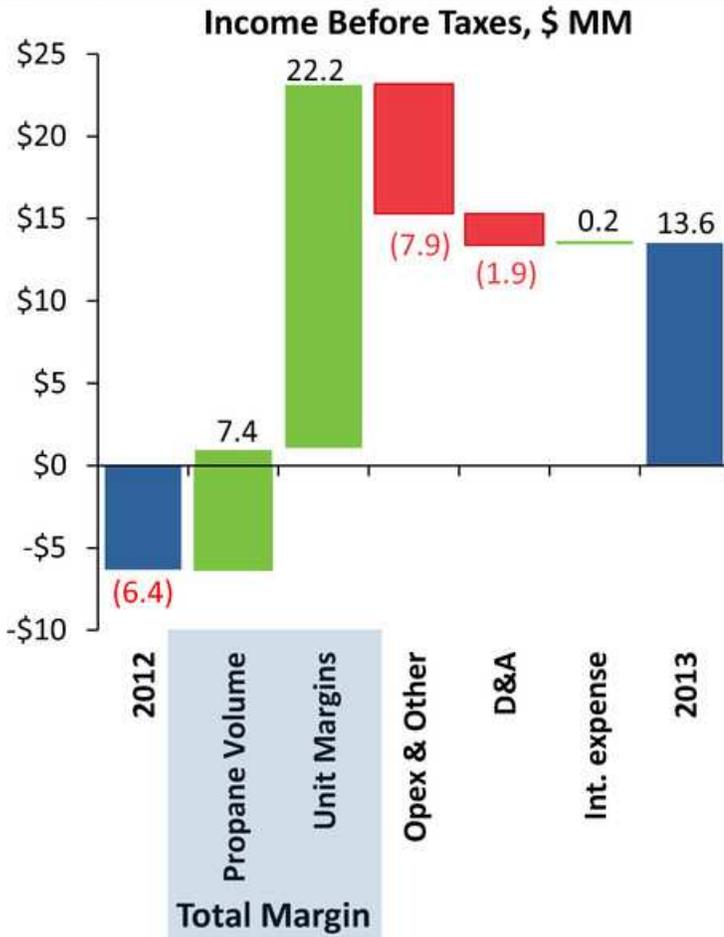
- Higher unit margins

**OPEX**

- Synergies
- Lower self-insured liability/casualty expenses
- Lower transition expenses than prior-year period

\* Opex includes all operating expenses, net of miscellaneous income. Total Margin represents total revenues less total cost of sales.

July 31, 2013



**VOLUME**

➤ Colder weather

**MARGIN**

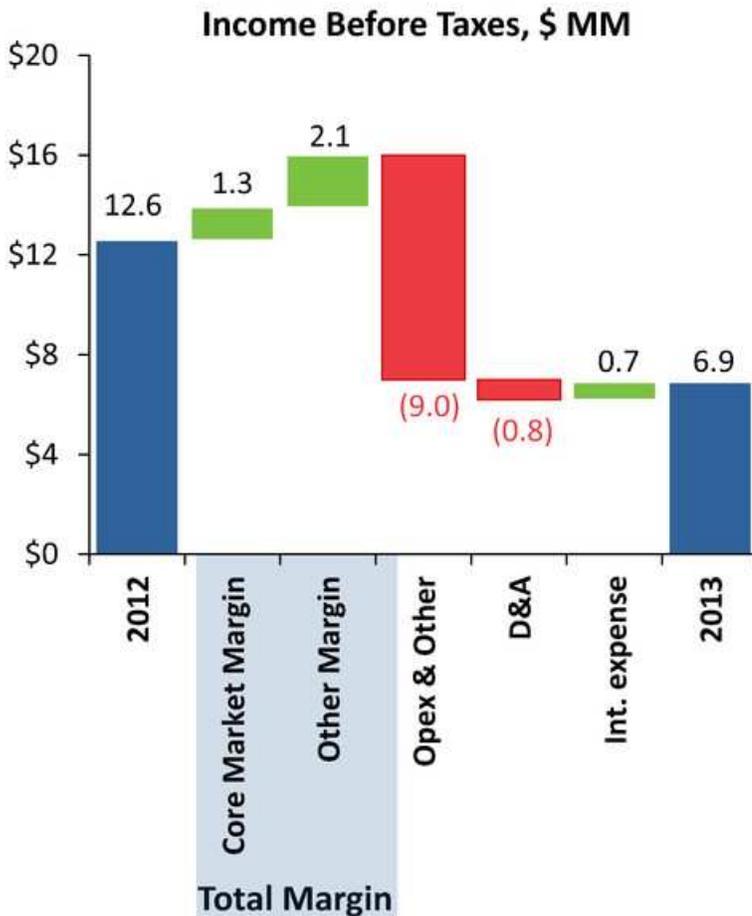
➤ Higher unit margins at Antargaz

**OPEX**

➤ Antargaz operating expenses (compensation, benefits, and delivery expense)

\* Opex includes all operating expenses, net of miscellaneous income. Total Margin represents total revenues less total cost of sales.

July 31, 2013



**MARGIN**

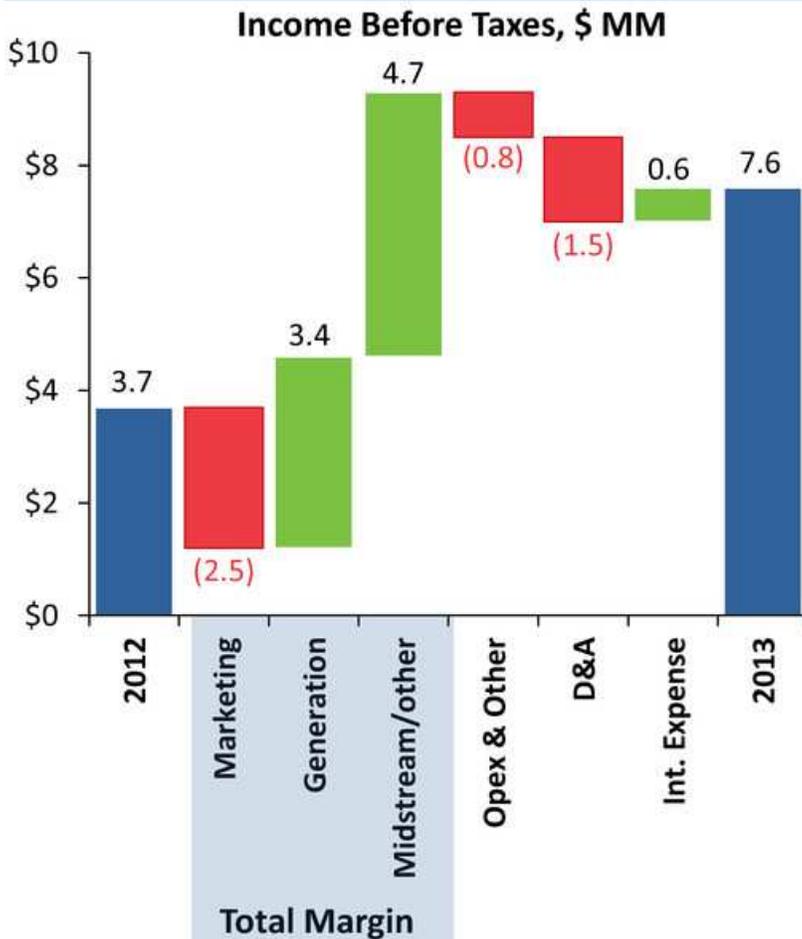
- Colder weather than prior-year period
- Conversions from heating oil

**OPEX**

- Higher uncollectable accounts, pension, and distribution system expenses

\* Opex includes all operating expenses, net of miscellaneous income. Total Margin represents total revenues less total cost of sales.

July 31, 2013



## MARGIN

- Higher electric generation total margin
- Lower power marketing margins
- Higher peaking, capacity management, and storage margin

## Opex

- Higher operating and depreciation expenses associated with midstream assets and planned outages at Conemaugh

\* Opex includes all operating expenses, net of miscellaneous income. Total Margin represents total revenues less total cost of sales.

July 31, 2013

	<u>Total</u>	<u>AmeriGas</u>	<u>Int'l</u> <u>Propane</u>	<u>Utilities</u>	<u>Midstream</u>	<u>Corporate /</u> <u>Other</u>
Cash on Hand	<b>\$401.8</b>	\$16.5	\$186.0	\$82.0	\$9.3	\$108.0
Revolving Credit Facilities		\$525.0	\$127.4	\$300.0	\$240.0	NA
Accounts Receivable Facility		NA	NA	NA	41.2	NA
Drawn on Facilities		80.0	4.4	0.0	45.5	NA
Letters of Credit		54.1	24.4	2.0	0.0	NA
Available Facilities		<b>\$390.9</b>	<b>\$98.5</b>	<b>\$298.0</b>	<b>\$235.7</b>	
Available Liquidity		<b>\$407.4</b>	<b>\$284.5</b>	<b>\$380.0</b>	<b>\$244.9</b>	

Excluding cash residing at operating subsidiaries, UGI had \$100.0 million of cash at 6/30/13 compared with \$94.8 million at 6/30/12.

- **Sufficient capacity** to meet our liquidity requirements
- FY13 Guidance **remains \$2.40-\$2.50**, trending toward lower half

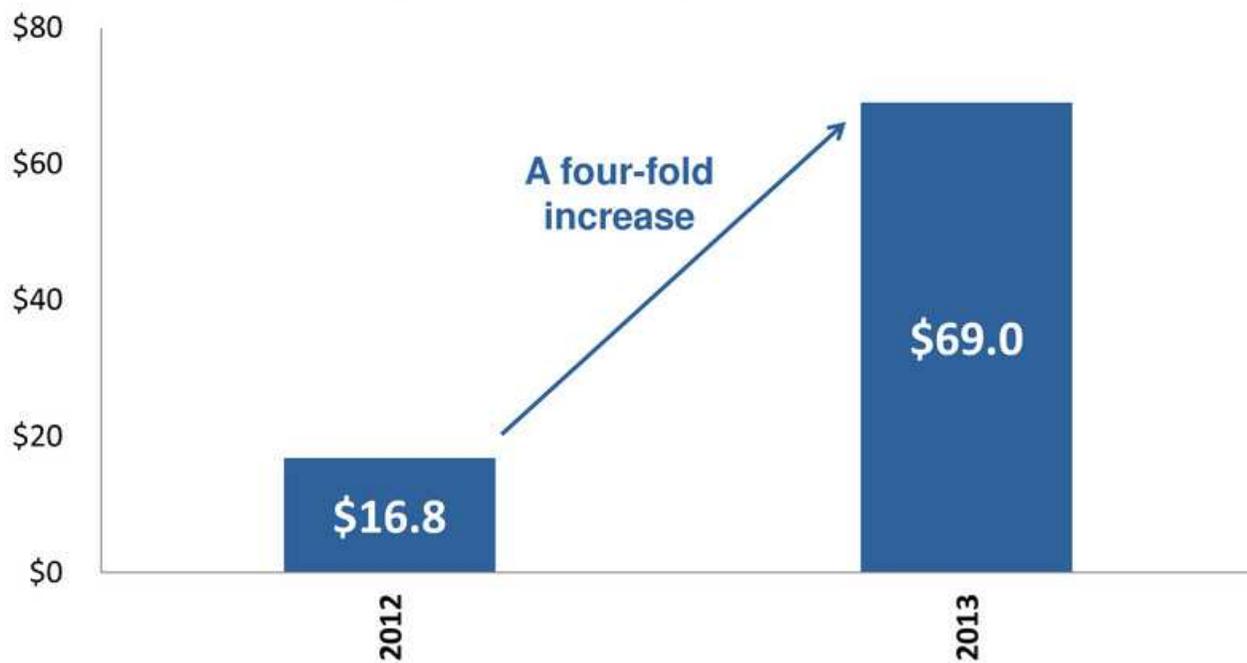


# Jerry Sheridan

CEO of AmeriGas



**Adjusted EBITDA\*, \$ Millions**



\* See appendix for Adjusted EBITDA reconciliation

## Operations

- Volume increase up over 10% versus last year's quarter
- **Significant decrease in operating expenses:**
  - \$18.5 MM decrease from Q3 of fiscal 2012 (\$13.3 MM decrease excluding the impact of \$5.2 MM in lower transition expenses)

## Growth Initiatives

- **AmeriGas Cylinder Exchange (ACE):** Volume growth of 9% y/y despite unfavorable weather
- **National Accounts:** Volume increased 32% y/y

- **FY13 Guidance remains \$620MM - \$635MM**
- Completed final stages of Heritage integration: Consolidation of over 200 stores
- Merged operating partnerships into one legal entity, streamlining operations
- ETP sold 7.5MM APU units on July 12



# John Walsh

President & CEO

July 31, 2013

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## AmeriGas and UGI International

- **Acquisition integration essentially complete**; US and European management teams can now focus on other opportunities provided by extended distribution network and increased customer densities
- **AmeriGas**: Reduced operating expenses versus Q3 of fiscal 2012 due to benefits of Heritage acquisition; excellent progress on organic growth programs
- **UGI International**: Higher volumes, improved unit margins, and continuing focus on operational efficiencies
- **BP Poland acquisition** expected to be approved in Q4 of fiscal 2013

## Gas Utility

- **Infrastructure replacement on schedule;** infrastructure capex for fiscal 2013 expected to be approximately 25% above fiscal 2012 level
- **Strong demand for natural gas:** Expect to add almost 17,000 new customers in fiscal 2013

## Midstream & Marketing

- **Auburn II pipeline in peak period of field execution;** expected in-service date remains early fiscal 2014
- **Auburn II is subscribed to near-capacity levels** with FT contracts
- Strong demand for LNG – Temple facility enables us to serve new customer segments

**Q&A**



## Appendix

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- ❖ 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 from EBITDA and Adjusted EBITDA, management also assesses the profitability of the business by comparing net income attributable to AmeriGas Partners, L.P. for the relevant years. Management also uses EBITDA to assess the Partnership's profitability because its parent, UGI Corporation, uses the Partnership's EBITDA to assess the profitability of the Partnership, which is one of UGI Corporation's industry segments. UGI Corporation discloses the Partnership's EBITDA in its disclosures about its industry segments as the profitability measure for its domestic propane segment.



## AmeriGas Propane EBITDA Reconciliation

	Three Months Ended June 30,		Nine Months Ended June 30,		Twelve Months Ended June 30,	
	2013	2012	2013	2012	2013	2012
Net (loss) income attributable to AmeriGas Partners, L.P.	\$ (34,595)	\$ (89,382)	\$ 275,278	\$ 87,028	\$ 199,275	\$ 41,833
Income tax (benefit) expense	(59)	(208)	516	1,006	1,441	909
Interest expense	41,247	41,853	124,219	103,431	163,429	119,584
Depreciation	41,738	38,311	117,668	94,593	157,300	115,717
Amortization	10,775	11,204	32,825	23,902	43,821	27,119
EBITDA	\$ 59,106	\$ 1,778	\$ 550,506	\$ 309,960	\$ 565,266	\$ 305,162
Heritage Propane acquisition and transition expense	9,862	15,037	20,746	26,892	40,041	26,892
(Gain) loss on extinguishments of debt	-	(30)	-	13,349	-	32,665
Adjusted EBITDA	\$ 68,968	\$ 16,785	\$ 571,252	\$ 350,201	\$ 605,307	\$ 364,719

July 31, 2013

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