

UGI CORP /PA/

FORM 8-K (Current report filing)

Filed 05/01/13 for the Period Ending 04/30/13

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): April 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 April 30, 2013, UGI Corporation (the “Company”) issued a press release announcing financial results for the Company for the fiscal quarter ended March 31, 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 May 1, 2013, the Company held a live Internet Audio Webcast of its conference call to discuss its financial results for the second quarter ended March 31, 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 April 30, 2013, reporting its financial results for the fiscal quarter ended March 31, 2013.
- 99.2 Presentation of UGI Corporation dated May 1, 2013.

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

May 1, 2013

By: /s/ Hugh J. Gallagher

Name: Hugh J. Gallagher

Title: Treasurer

EXHIBIT INDEX

The Following Exhibits Are Furnished:

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99.1	Press Release of UGI Corporation dated April 30, 2013, reporting its financial results for the fiscal quarter ended March 31, 2013.
99.2	Presentation of UGI Corporation dated May 1, 2013.

Contact: 610-337-1000
 Hugh J. Gallagher, ext. 1029
 Simon Bowman, ext. 3645
 Shelly Oates, ext. 3202

For Immediate Release:
 April 30, 2013

UGI Reports 28% Increase in Second Quarter Earnings

VALLEY FORGE, Pa., April 30 - UGI Corporation (NYSE: UGI) today reported net income attributable to UGI of \$173.4 million, or \$1.51 per diluted share, for the second quarter of Fiscal 2013 ended March 31, 2013, compared to \$133.4 million, or \$1.18 per diluted share, for the prior-year period. The \$40.0 million increase in net income attributable to UGI was the result of substantially improved performance across all of UGI's business units given the return to more normal winter weather.

John Walsh, president and chief executive officer of UGI, said, "I am pleased to report a significant increase in earnings for the quarter, as a return to more normal winter weather in February and March enabled our businesses to demonstrate their earnings power. AmeriGas's contribution to earnings increased nearly 49% from the prior-year period, as the business was able to show the benefits of last year's acquisition of Heritage Propane. At Gas Utility, earnings increased 22% due in large part to colder weather, but also to our ongoing program to convert customers to natural gas from heating oil. Midstream & Marketing results were encouraging as natural gas marketing, electric generation, and winter peaking all saw strong year-over-year growth, resulting in a 47% increase in earnings contribution. International Propane also posted a 7% increase in earnings contribution due to colder weather and the benefits of the Shell LPG acquisition completed last year."

Walsh continued, "Based upon our results to date and our assessment of business conditions for the second half 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:

For the three months ended March 31,

	2013	2012	Increase	
Revenues	\$1,185.0	\$1,155.6	\$29.4	2.5%
Total margin (a)	\$ 572.6	\$ 485.6	\$87.0	17.9%
Partnership EBITDA	\$ 312.2	\$ 224.5	\$87.7	39.1%
Operating income	\$ 266.1	\$ 195.0	\$71.1	36.5%
Retail gallons sold	464.4	389.4	75.0	19.3%
Degree days - % (warmer) than normal	(1.5)%	(21.7)%		
Capital expenditures	\$ 27.9	\$ 23.5	\$ 4.4	18.7%

- Weather for the current-year period was 1.5% warmer than normal and 24.5% colder than the prior year.
- Retail gallons sold reflect winter weather that was markedly colder than the prior-year period and, to a much lesser extent, the full-period effects of Heritage Propane.
- Revenues increased primarily due to increased retail volumes sold partially offset by a decline in average retail selling prices, the result of lower propane product costs.

- MORE -

- The average wholesale cost of propane at Mont Belvieu, Texas for the current quarter was approximately 31% lower than the average cost in the same period last year.
- Total margin increased principally due to higher retail volumes sold.
- Operating and administrative expenses increased \$13.0 million as the full-period impact of expenses associated with the operations of Heritage Propane and incremental costs associated with higher sales activity (primarily due to the colder weather) were only partially offset by expense synergies resulting from the acquisition.
- Operating income increased \$71.1 million primarily reflecting the higher total margin partially offset by the increased operating expenses and greater depreciation and amortization expenses (\$3.8 million) principally associated with Heritage Propane.
- Capital expenditures increased from the prior-year period, primarily due to a \$5.1 million increase in transition capital expenditures associated with the Heritage Propane acquisition.

International Propane:*For the three months ended March 31,*

	2013	2012	Increase (decrease)	
Revenues	\$683.5	\$681.7	\$ 1.8	0.3%
Total margin (a)	\$220.3	\$207.9	\$ 12.4	6.0%
Operating income	\$ 81.6	\$ 70.2	\$ 11.4	16.2%
Income before income taxes	\$ 74.1	\$ 62.1	\$ 12.0	19.3%
Retail gallons sold	177.9	183.0	(5.1)	(2.8)%
Degree days - % colder (warmer) than normal:				
Antargaz	10.1%	1.2%		
Flaga	5.1%	(2.1)%		
Capital expenditures	\$ 17.4	\$ 8.8	\$ 8.6	97.7%

- Weather in our European service territories was colder than normal and colder than last year.
- Despite colder temperatures, retail gallons sold decreased slightly primarily due to erratic weather patterns during the Fiscal 2012 heating season which included a later start to the heating season and an extremely cold February 2012 which influenced the timing of LPG deliveries.
- Revenues were about equal to the prior-year period, as increased revenues from natural gas marketing activities in France (\$18.1 million) were largely offset by a decrease in revenues primarily associated with lower volumes sold.
- Average wholesale propane prices in Northwest Europe were approximately 15% lower than in the prior-year period while average wholesale butane prices were approximately 12% lower than the prior-year period.
- Total margin increased principally reflecting higher retail unit margins at Antargaz and, to a lesser extent, increased natural gas marketing total margin (\$2.8 million).
- Operating income and income before income taxes were higher than the prior-year period, primarily reflecting the higher total margin.
- Capital expenditures increased primarily due to increased spending on distribution equipment related to Calypso cylinders and storage.
- The average euro-to-dollar translation rate for the current quarter and the prior-year period was approximately \$1.32.

- MORE -

Gas Utility:*For the three months ended March 31,*

	2013	2012	Increase (decrease)	
Revenues	\$368.6	\$319.5	\$ 49.1	15.4%
Total margin (a)	\$171.9	\$142.0	\$ 29.9	21.1%
Operating income	\$105.7	\$ 85.0	\$ 20.7	24.4%
Income before income taxes	\$ 96.4	\$ 74.9	\$ 21.5	28.7%
System throughput - billions of cubic feet ("bcf")				
Core market	34.9	27.1	7.8	28.8%
Total	68.6	60.7	7.9	13.0%
Degree days - % colder (warmer) than normal	1.9%	(19.3)%		
Capital expenditures	\$ 24.4	\$ 25.7	\$ (1.3)	(5.1)%

- Weather during the current-year quarter was 1.9% colder than normal and 24.8% colder than the prior-year period.
- Throughput to core-market customers increased 28.8% 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 greater revenues from firm and interruptible customers on higher volumes.
- Total margin increased \$29.9 million principally reflecting higher core market total margin (\$24.6 million) and greater firm delivery service total margin.
- Operating income increased primarily due to the increase in total margin partially offset by higher operating expenses including, among other things, higher distribution system expenses and greater pension expense.

Midstream & Marketing:*For the three months ended March 31,*

	2013	2012	Increase	
Revenues	\$320.2	\$269.0	\$51.2	19.0%
Total margin (a)	\$ 63.5	\$ 47.4	\$16.1	34.0%
Operating income	\$ 44.0	\$ 30.6	\$13.4	43.8%
Income before income taxes	\$ 43.2	\$ 29.3	\$13.9	47.4%
Capital expenditures	\$ 23.5	\$ 5.9	\$17.6	298.3%

- The revenue increase primarily reflects higher volumes due to a colder 2013 three-month period, with respect to natural gas marketing and peaking activities. The increase in electric generation revenues reflects greater electricity produced and higher average electricity prices.
- Total margin increased due to higher margin from natural gas marketing (\$10.4 million), electricity generation (\$4.2 million), and greater peaking and capacity management total margin (\$5.1 million). These increases were partially offset by lower retail power total margin, reflecting lower average unit margins, and lower storage total margin.
- Operating income was \$13.4 million higher due to the increase in total margin partially offset by higher operating and depreciation expenses.
- Capital expenditures increased due to the Auburn II project and various storage projects.

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

- MORE -

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 second quarter earnings and other current activities at 9:00 AM ET on Wednesday, May 1, 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 May 1 through 9:00 pm on May 6. The replay may be accessed at 1-877-344-7529, conference ID 10019733 and International access 1-412-317-0088, conference ID 10019733.

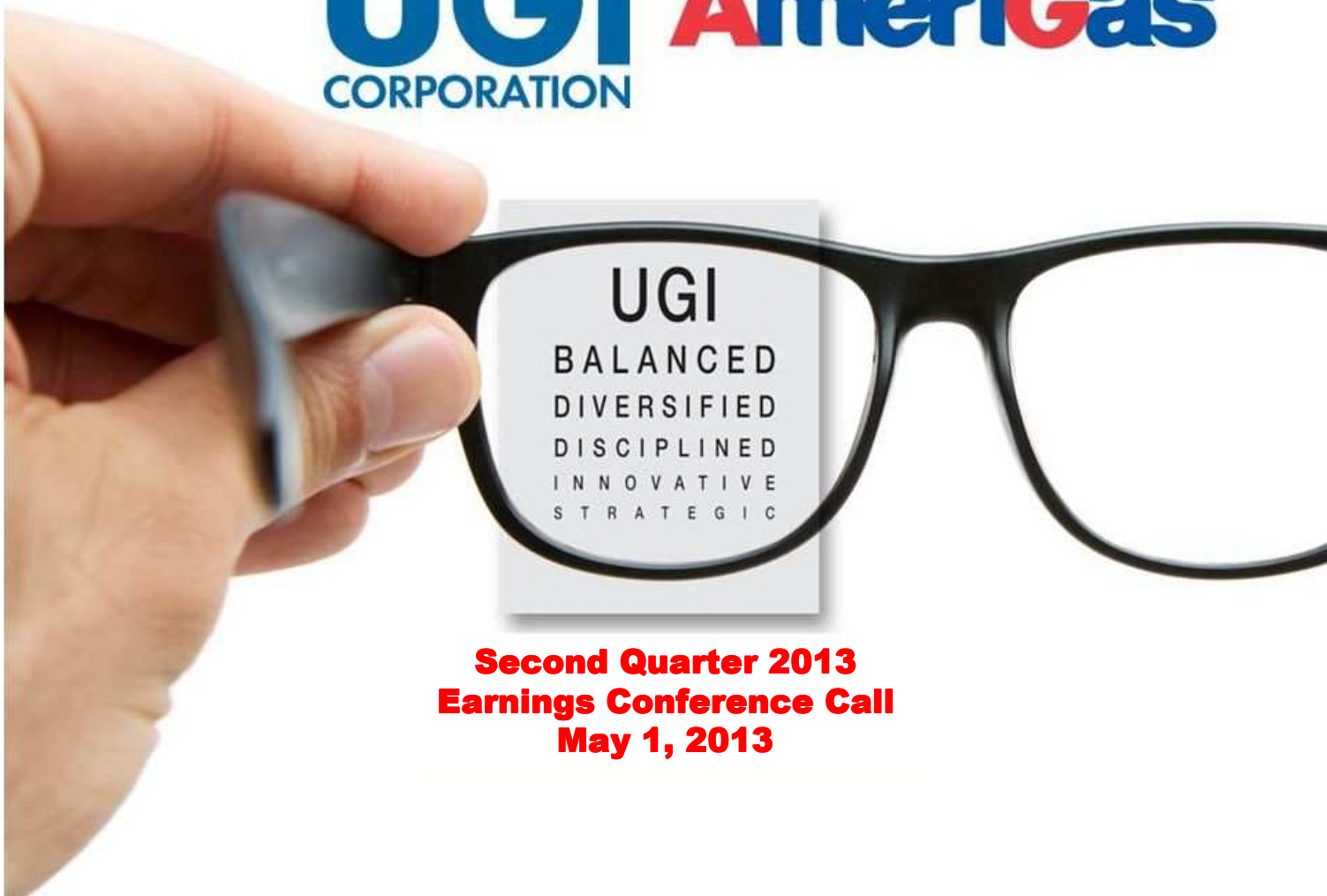
Comprehensive information about UGI Corporation is available on the Internet at <http://www.ugicorp.com>

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, including Heritage Propane, 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 March 31,		Six Months Ended March 31,		Twelve Months Ended March 31,	
	2013	2012	2013	2012	2013	2012
Revenues:						
AmeriGas Propane	\$ 1,185.0	\$ 1,155.6	\$ 2,061.6	\$ 1,839.4	\$ 3,143.8	\$ 2,770.4
International Propane	683.5	681.7	1,348.4	1,200.0	2,094.4	1,729.9
Gas Utility	368.6	319.5	616.9	574.5	827.8	827.3
Midstream & Marketing	320.2	269.0	562.1	507.8	907.3	927.6
Corporate & Other (a)	(11.5)	1.7	(20.0)	(5.4)	(1.4)	5.8
Total revenues	<u>\$ 2,545.8</u>	<u>\$ 2,427.5</u>	<u>\$ 4,569.0</u>	<u>\$ 4,116.3</u>	<u>\$ 6,971.9</u>	<u>\$ 6,261.0</u>
Operating income:						
AmeriGas Propane	\$ 266.1	\$ 195.0	\$ 406.0	\$ 255.1	\$ 321.2	\$ 251.8
International Propane	81.6	70.2	139.4	111.9	139.3	82.2
Gas Utility	105.7	85.0	175.5	146.2	201.5	169.8
Midstream & Marketing	44.0	30.6	71.5	54.5	79.4	69.1
Corporate & Other (a)	(2.5)	0.0	(1.4)	1.4	1.8	2.9
Total operating income	494.9	380.8	791.0	569.1	743.2	575.8
Income (loss) from equity investees	0.1	0.0	0.1	(0.1)	(0.1)	(0.4)
(Loss) gain on extinguishments of debt	0.0	(13.4)	0.0	(13.4)	0.1	(32.7)
Interest expense:						
AmeriGas Propane	(41.8)	(45.1)	(83.0)	(61.6)	(164.0)	(93.4)
International Propane	(7.7)	(8.1)	(15.4)	(15.6)	(30.7)	(31.1)
Gas Utility	(9.3)	(10.1)	(18.9)	(20.2)	(38.8)	(40.3)
Midstream & Marketing	(0.8)	(1.3)	(1.8)	(2.4)	(4.2)	(3.7)
Corporate & Other, net (a)	(0.5)	(0.7)	(1.3)	(1.5)	(2.9)	(3.2)
Total interest expense	(60.1)	(65.3)	(120.4)	(101.3)	(240.6)	(171.7)
Income before income taxes	434.9	302.1	670.7	454.3	502.6	371.0
Income tax expense	(100.9)	(75.1)	(166.0)	(117.2)	(148.4)	(96.3)
Net income	334.0	227.0	504.7	337.1	354.2	274.7
Less: net income attributable to noncontrolling interests, principally in AmeriGas Partners, L.P.	(160.6)	(93.6)	(228.7)	(116.7)	(99.2)	(83.9)
Net income attributable to UGI Corporation	<u>\$ 173.4</u>	<u>\$ 133.4</u>	<u>\$ 276.0</u>	<u>\$ 220.4</u>	<u>\$ 255.0</u>	<u>\$ 190.8</u>
Earnings per share attributable to UGI shareholders:						
Basic	<u>\$ 1.52</u>	<u>\$ 1.19</u>	<u>\$ 2.43</u>	<u>\$ 1.96</u>	<u>\$ 2.25</u>	<u>\$ 1.70</u>
Diluted	<u>\$ 1.51</u>	<u>\$ 1.18</u>	<u>\$ 2.40</u>	<u>\$ 1.95</u>	<u>\$ 2.24</u>	<u>\$ 1.69</u>
Average common shares outstanding (thousands):						
Basic	<u>113,709</u>	<u>112,510</u>	<u>113,416</u>	<u>112,380</u>	<u>113,110</u>	<u>112,237</u>
Diluted	<u>115,199</u>	<u>113,239</u>	<u>114,829</u>	<u>113,085</u>	<u>114,044</u>	<u>113,177</u>
Supplemental information:						
Net income (loss) attributable to UGI Corporation:						
AmeriGas Propane	\$ 39.0	\$ 26.2	\$ 57.2	\$ 38.3	\$ 34.8	\$ 25.6
International Propane	53.4	50.0	88.9	81.0	73.0	53.5
Gas Utility	56.6	46.3	92.1	77.4	95.2	79.1
Midstream & Marketing	26.2	17.8	42.0	31.7	46.7	40.6
Corporate & Other (a)	(1.8)	(6.9)	(4.2)	(8.0)	5.3	(8.0)
Total net income attributable to UGI Corporation	<u>\$ 173.4</u>	<u>\$ 133.4</u>	<u>\$ 276.0</u>	<u>\$ 220.4</u>	<u>\$ 255.0</u>	<u>\$ 190.8</u>

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



**Second Quarter 2013
Earnings Conference Call
May 1, 2013**

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, including Heritage Propane, 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

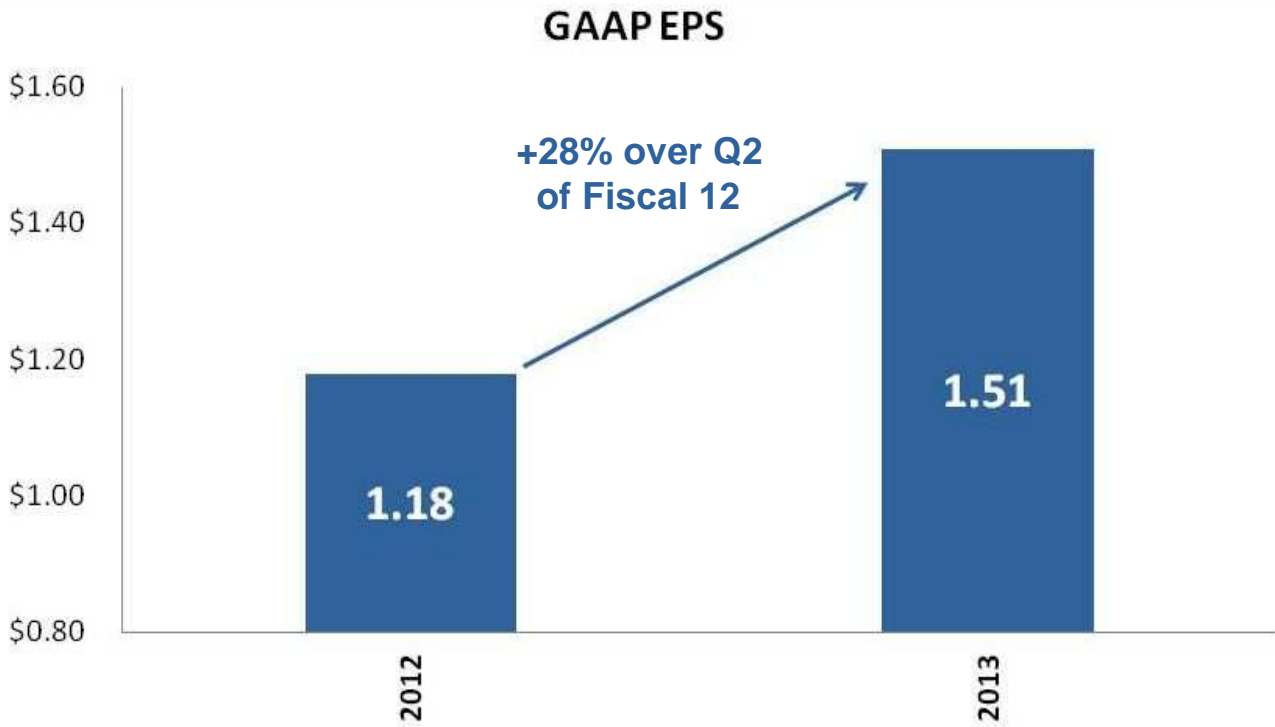
Kirk Oliver

Chief Financial Officer, UGI

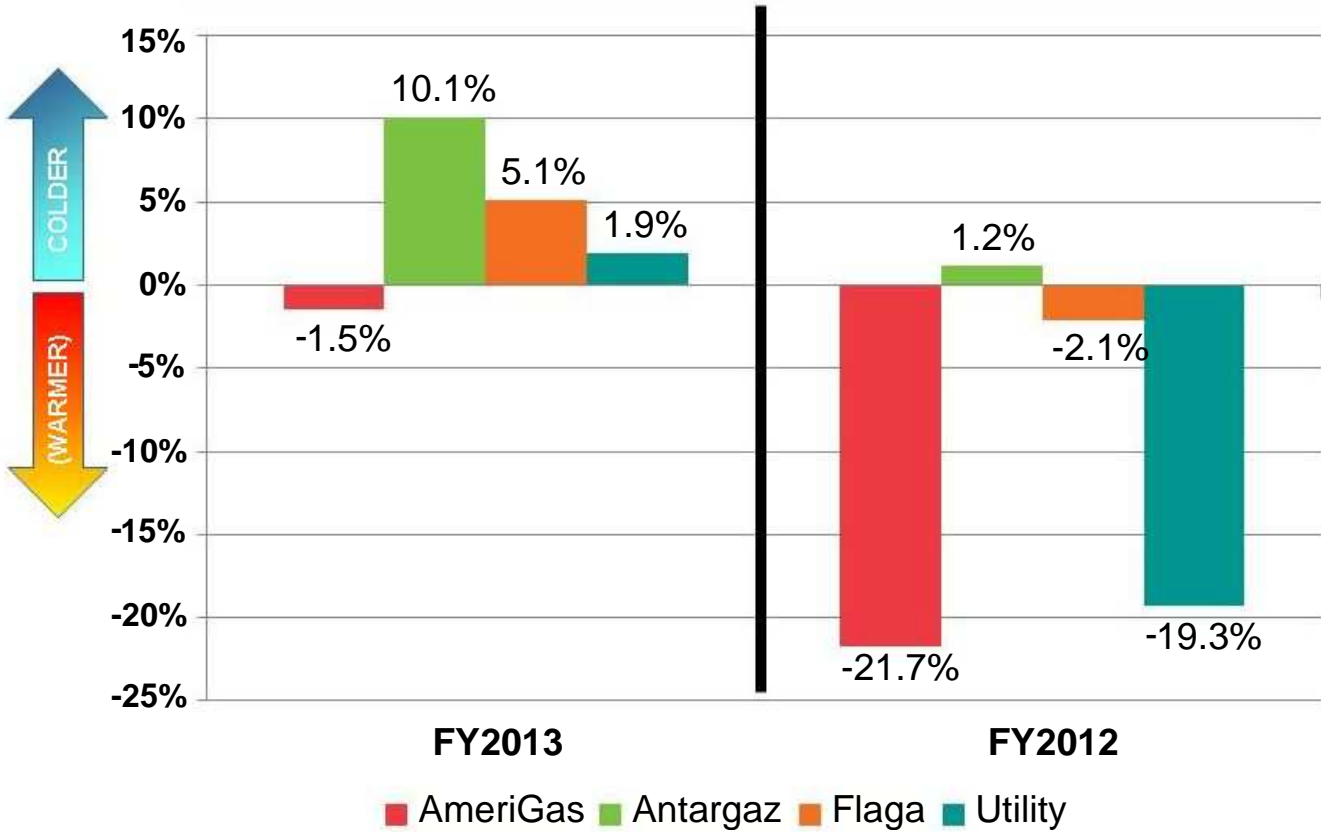
Jerry Sheridan

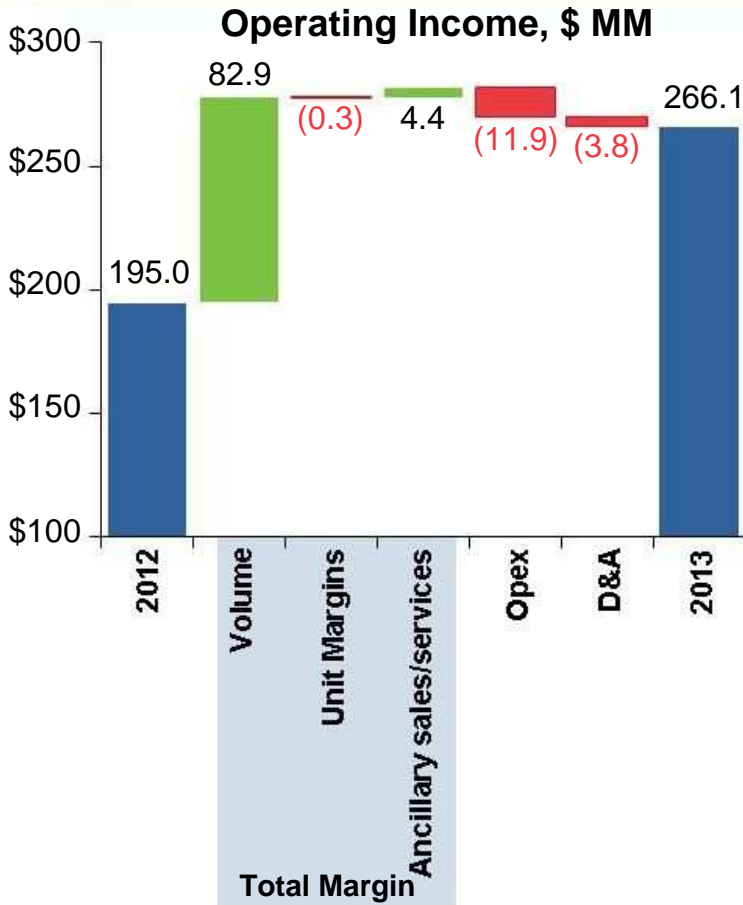
President & CEO, AmeriGas





An almost 30% increase in EPS over Q2 of FY12





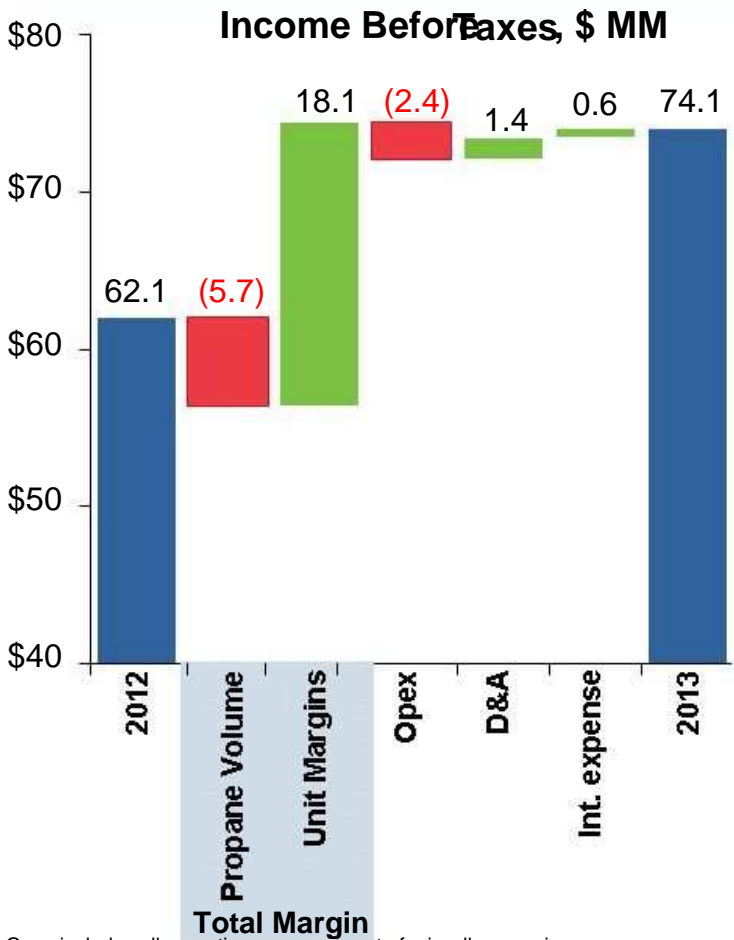
VOLUME

- Colder weather
- Full-period impact of Heritage

OPEX

- Full-period impact of Heritage
- Higher sales activity
- Synergies
- Transition expenses: \$2.7 MM lower than prior year
- Increase in miscellaneous income

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



VOLUME

- Colder weather
- Timing of deliveries in Q2 of FY12

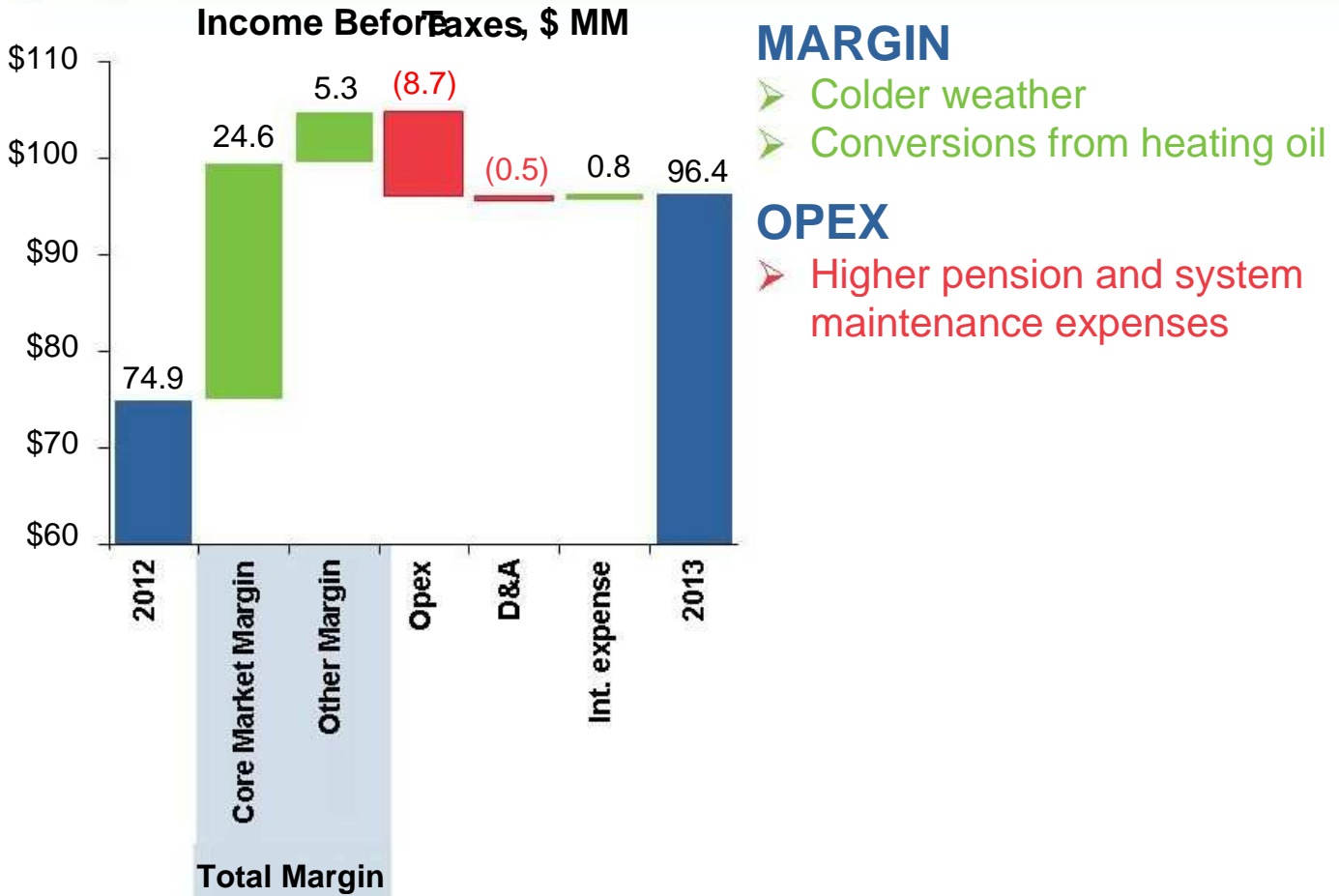
MARGIN

- Higher unit margins at Antargaz
- Higher natural gas marketing margin

OPEX

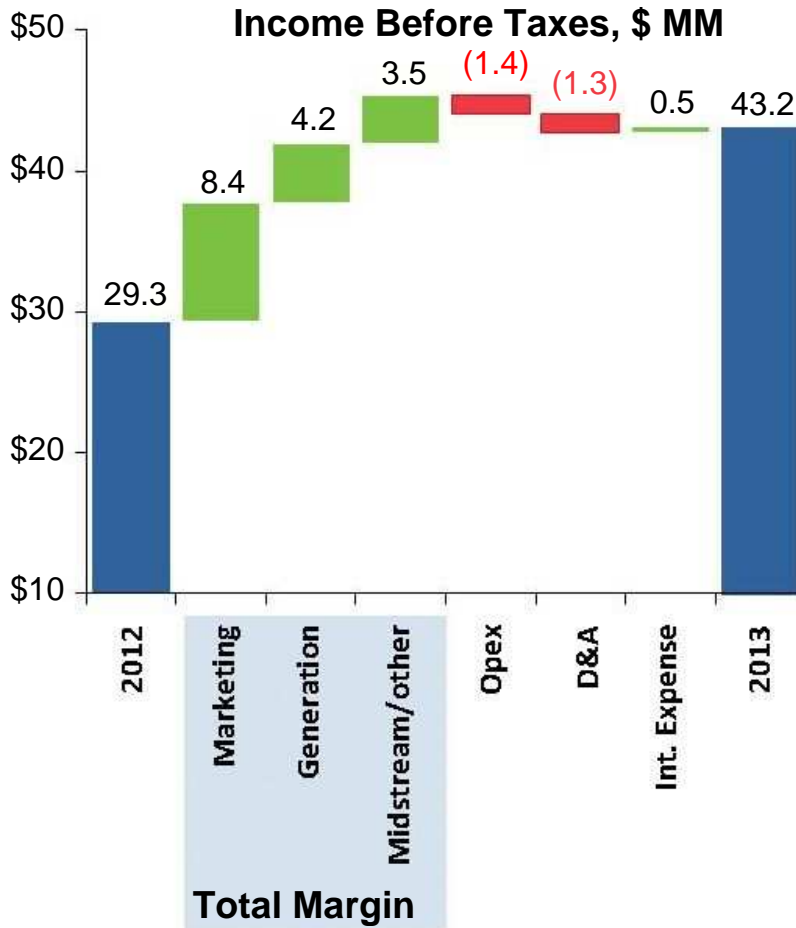
- Antargaz operating expenses
- Transition expense of \$1 million in prior period

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



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

May 1, 2013



MARGIN

- Colder weather
- Gas price volatility in January
- Lower power marketing margins due to lower average unit prices

D&A

- Increase due to Temple II

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

May 1, 2013

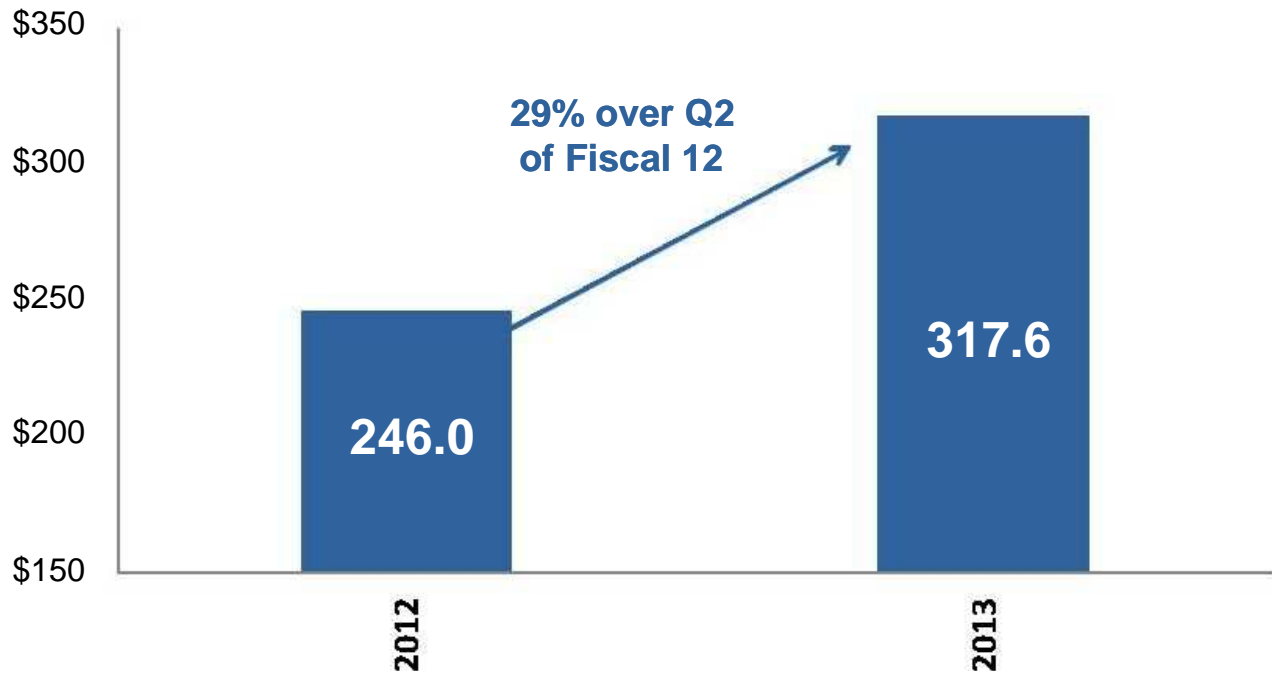
	<u>Total</u>	<u>AmeriGas</u>	<u>Int'l Propane</u>	<u>Utilities</u>	<u>Midstream</u>	<u>Corporate/ Other</u>
Cash on hand	\$ 446.3	\$ 123.1	\$ 165.7	\$ 58.3	\$ 11.8	\$ 87.4
Revolving Credit Facilities	\$ 525.0	\$ 125.0	\$ 300.0	\$ 240.0	NA	NA
Accounts receivable facility	NA	NA	NA	\$ 59.1	NA	NA
Drawn on facilities	\$ (115.9)	\$ (14.8)	\$ -	\$ (47.0)	NA	NA
Letters of credit	\$ (54.1)	\$ (24.9)	\$ (2.0)	\$ -	NA	NA
Available facilities	\$ 355.0	\$ 85.3	\$ 298.0	\$ 252.1	\$ -	\$ -
Available liquidity	\$ 478.1	\$ 251.0	\$ 356.3	\$ 263.9	\$ 87.4	\$ 87.4

Excluding cash residing at operating subsidiaries, UGI had \$78.4 million of cash at 3/31/13 compared with \$63.3 million at 3/31/12.

Jerry Sheridan
CEO of AmeriGas



Adjusted EBITDA*, \$ Millions



* See appendix for Adjusted EBITDA reconciliation

Operations

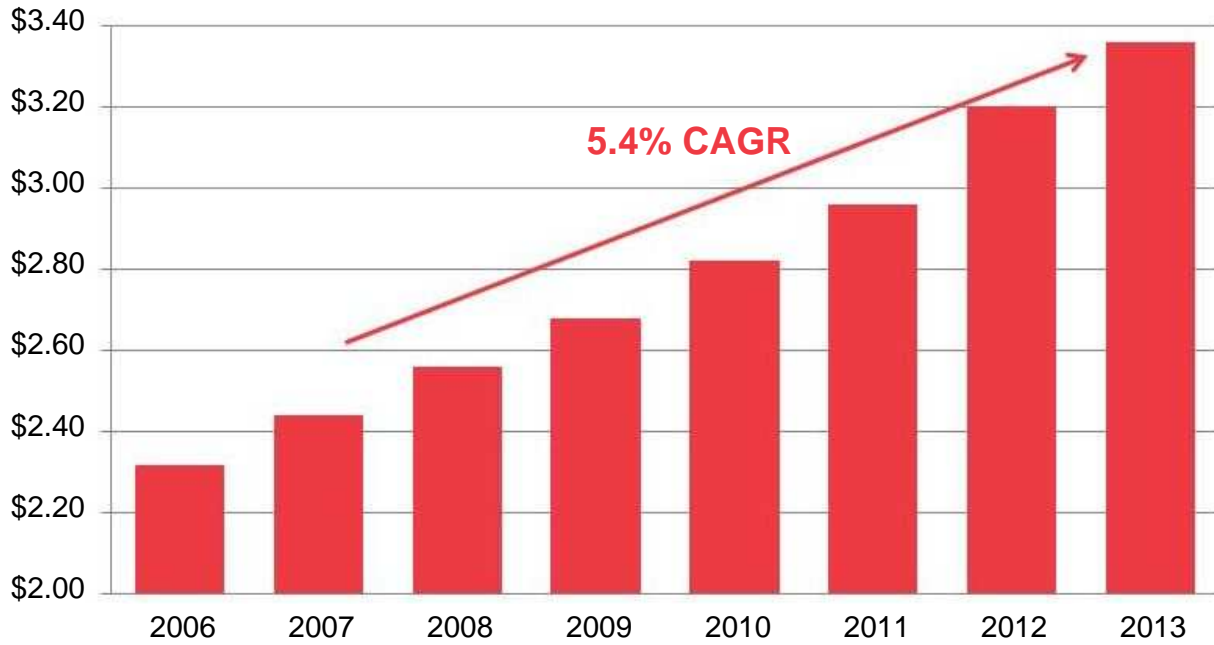
- Weather: Warmer than normal, much colder than LY
- Volume up in line with expectations
- Lower COGS, Mt. Belvieu prices down 39 cents, or 31%

Growth Initiatives

- **AmeriGas Cylinder Exchange (ACE)** : Volume growth of 6% y/y, results muted by a colder March
- **National Accounts** : Volume increased 14 MM gallons y/y, 22 MM gallons ytd
- **Acquisitions** : No acquisitions closed during the quarter

- FY13 Guidance **remains \$620MM - \$645MM** ,trending toward the midpoint
- Final stages of Heritage integration: Planning to consolidate over 200 stores
- Increased estimated transition expenses for the year by \$5 MM reflecting additional severance costs
- On track to realize **at least \$60MM** in total net synergies

AmeriGas: Distributions per unit
(excluding special distributions)



A faded, grayscale background image of a gas station. A large tanker truck is parked at a pump island. In the background, there are large cylindrical storage tanks and a building. The overall scene is industrial and related to energy distribution.

John Walsh
President & CEO

Gas Utility

- **Infrastructure Replacement Program approved by PUC** ;Gas Utility infrastructure capex expected to be approximately 25% above FY12 levels
- **Demand for natural gas remains at unprecedented levels** :Net customer growth expected to exceed 2% in FY13

AmeriGas

- Final phase of Heritage integration is now underway and will conclude this summer
- Superior distribution network covering the entire United States and very strong leadership team in place

International

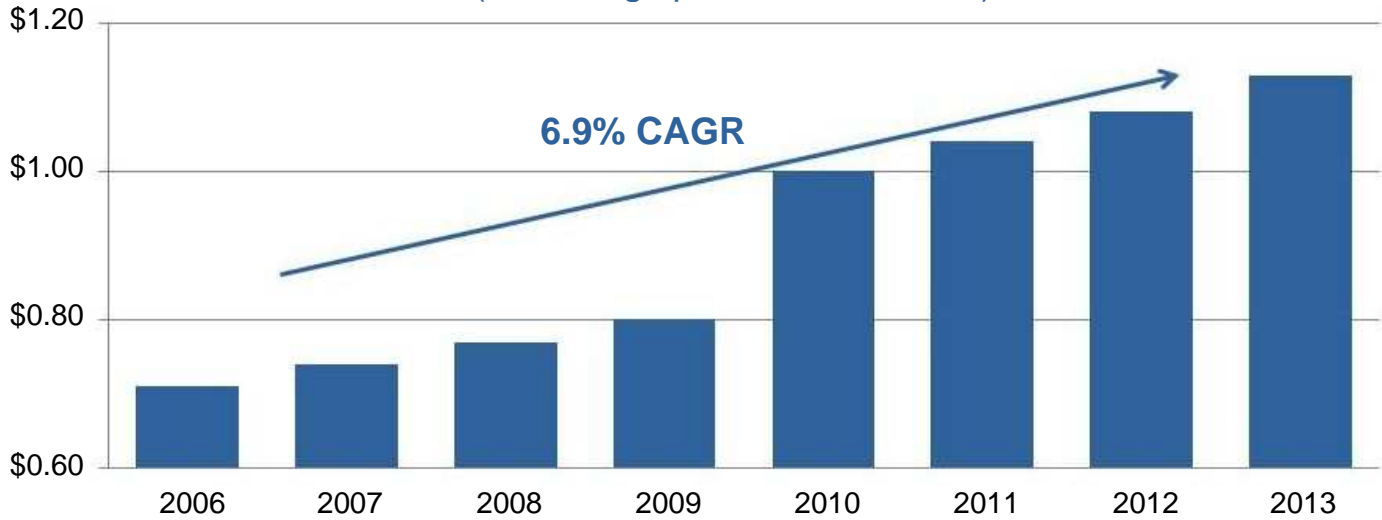
- **Focused on operational efficiencies:** Broader base of operations in Europe will help reduce costs and enhance efficiencies in areas such as product sourcing
- **BP Poland acquisition** :Expected to close in Q4 of FY13
- 20% drop in propane costs a positive for both UGI and our customers

Midstream & Marketing

- Expanding LNG services with Temple II
- Auburn II pipeline in field execution phase. Expected in-service date remains early FY14
- New Tenaska gathering system expected in early 2014

- FY13 Guidance **remains \$2.40 - \$2.50** , trending toward lower half
- FY13 Will mark UGI's **129th consecutive year of dividends** and **26th consecutive year of dividend increases**

UGI: Dividends per share
(excluding special distributions)



May 1, 2013

Q&A



Appendix



- ❖ 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		Six Months Ended		Twelve Months Ended	
	March 31,		March 31,		March 31,	
	2013	2012	2013	2012	2013	2012
Net income attributable to AmeriGas Partners, L.P.	\$ 221,820	\$ 133,885	\$ 318,485	\$ 176,410	\$ 153,100	\$ 122,063
Income tax (benefit) expense	(52)	764	575	1,214	1,292	1,256
Interest expense	41,776	45,045	82,972	61,578	164,035	93,374
Depreciation	37,607	35,351	75,930	56,282	153,873	98,841
Amortization	11,022	9,441	22,050	12,698	44,250	18,978
EBITDA	\$ 312,173	\$ 224,486	\$ 500,012	\$ 308,182	\$ 516,550	\$ 334,512
Heritage Propane acquisition and transition expense	5,396	8,138	10,884	11,855	45,216	11,855
Loss (gain) on extinguishments of debt	-	13,379	-	13,379	(30)	32,695
Adjusted EBITDA (1)	\$ 317,569	\$ 246,003	\$ 510,896	\$ 333,416	\$ 561,736	\$ 379,062

(1) Adjusted EBITDA is a non-GAAP financial measure. Management believes the presentation of this measure provides useful information to investors to more effectively evaluate the year-over-year results of operations of the Partnership. 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. This measure is not comparable to measures used by other entities and should only be considered in conjunction with net income attributable to AmeriGas Partners, L.P. for the relevant periods.

Investor Relations:

610-337-1000

Hugh Gallagher (x1029)

gallagherh@ugicorp.com

Simon Bowman (x3645)

bowmans@ugicorp.com

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