

**AmeriGas**®

Driving every day<sup>SM</sup>

# 2019 LPG Industry Update





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As we look toward the future, it is hard not to reflect on the challenges the past heating season posed. Whether you experienced periods of extreme cold or periods of unprecedented warm temperatures, this season has provided its share of ups and downs. For some of you, now is the time to evaluate what is best for the future of your business, for others, now may be the time to celebrate the adventure that the past several months provided.

If you are evaluating the future of your company, know that we understand the difficulty of that decision and that you are not alone in such an endeavor. At AmeriGas, we regularly have confidential conversations with business owners. Sometimes, these conversations result in businesses deciding to sell and join the AmeriGas family.

AmeriGas understands that every company is different, and that each is built with hard work and time to ensure its success. For this reason, we do not have a one size fits all approach to evaluating a business for a potential acquisition. Thus, we communicate with each business confidentially and evaluate each business on a case-by-case basis. Our goals are to ensure each business, employee, and customer is treated with that care and attention they deserve.

The decision to sell is not always easy. It takes careful consideration and consultation, including with friends and family. Whether you have questions, would like to learn more about AmeriGas, or have decided to pursue the path of becoming part of the AmeriGas family, we are here to talk.

Sincerely,

A handwritten signature in blue ink, appearing to read "Daniel V. Griffin".

Group Director, Business Development

# What Qualities Does AmeriGas Look For?

AmeriGas does not take a one-size-fits-all acquisition approach. Instead, when we look at potential acquisitions, we look for certain qualities that allow a business to stand out from its peers. If your business has any of the qualities below, we would love to have a discussion with you.



## ✔ Operational Excellence

Do you believe in quality over quantity? Do you get jobs others don't because you are known for not only getting the job done, but getting the job done right? These are the blueprints that define an exceptional propane business.



## ✔ Reliable Volume and Margin

The environment which we operate changes year after year. Such changes may be caused by weather, availability of supplier, regulation, or other factors. However, when a company is able to show it is able to maintain or grow its volume and margin, it speaks wonders about the quality of the business.



## ✔ Well-Maintained, Quality Assets

Nothing says more about a company than the quality and condition of its facilities, vehicles, and equipment. When your property is organized, your vehicles clean and updated, and your tanks certified and in good standing, it shows how invested you are in your business and it does not go unnoticed!



## ✔ Faithful and Reliable Customers

Have your customers stayed with you year after year? Have you found ways to grow your customer base? Do you have a high percentage of company-owned tanks? Faithful and reliable customers help show stability within a company.

# Why AmeriGas?

## Potential Opportunities for your Employees

AmeriGas has a team of approximately 7,700 dedicated professionals across the country.

- ✓ **Leadership development and training opportunities**
- ✓ **Health benefits for full-time employees**
- ✓ **401k retirement program available to full-time employees**



AmeriGas serves over 1.7 million customers in all 50 states from approximately 1,900 distribution locations

## Community Involvement

The bond between AmeriGas and the communities it serves is critically important to us. Our “From Here, For Here” program highlights our efforts to support the communities in which we operate by addressing issues such as Veterans Affairs, Childhood Cancer, Homelessness, and others.

## Veterans Affairs

In an effort to give back to our community, AmeriGas introduced a Veteran Employee Team (VET) in 2018. VET aims to establish national capabilities and support local efforts through veteran recruitment, hosting veteran events, and providing care packages to those veterans serving the United States.

As America’s largest propane retailer, we have the resources and experience to fairly evaluate your business.

# AmeriGas' Guiding Principles

AmeriGas' FIVE guiding principles assist us in differentiating ourselves from our competitors

## One Company

With ~1,900 distribution locations, we strive for consistency in service and customer experience throughout our company.

## Safety As Our Highest Priority

Our 7,700 employees are the core of the company and we can't afford to take short cuts. Safety is our highest priority.

## Delight the Customer

From advancing the digital customer experience to ensuring reliability in extreme weather, we are committed to delighting the customer.

## Bias Toward Simplicity

We challenge our employees to make improvements to everyday routines, from process improvements to developing company-wide applications.

## Front Line Ownership

AmeriGas' success rides on our ability to empower our employees to take ownership of their work at all levels of the organization.

We pride ourselves for having a Customer Service Net Promoter Score (NPS) of 52, which ranks AmeriGas among some of the top service providers in a variety of industries.

# What Does The Sale Process Look Like

**Introductions:** Whether we meet in person, on the phone, or through email, we would love to hear from you and learn about you and your business. You have worked hard to get to where you are, and every story is unique and enjoyable. If possible, we will answer any questions you have about us and our process.



**Confidentiality Agreement:** If both parties believe there is potential for a deal, we will establish a confidentiality agreement, which will be signed by both parties prior to any information being shared. This agreement does not guarantee a sale, but it does protect the information shared between you and us. The information you provide is sensitive, and this agreement ensures we safeguard it.

**Sharing of Information and Valuation:** To provide a fair valuation of your company, we will ask for necessary information about your business. Financial information, such as volumes sold, revenues, expenses and cost of gas, and operational information, such as service territory, vehicle information, tank sizes and ownership percentages will be requested. The more information we have, the more complete our valuation is, and the easier it is for us to explain to you how we reached our conclusion. It is important to note that during the initial phases of the sales process we do not ask for information that allows us to identify your customers or employees; rather, disclosure of such sensitive information is reserved for the closing phase of the sales process.



**Letter of Intent:** If we both approve the terms of the deal, we will initiate a letter of intent, signifying agreement on the exclusivity of the deal.

**Due Diligence:** With the letter of intent signed, it is time to dot our i's and cross our t's. Due diligence is a collaborative process during which we will confirm any and all of the assumptions made up until this point. We will review details of our analysis and the data provided to us. In essence, we are confirming the basis for our valuation and offer. We will negotiate a purchase agreement and all related legal documentation.



**Final Sale:** Congratulations. For you, the hard part is over. At this time, we will verify the final inventory and assets that are part of the deal, while our team of experienced professionals will work with you to ensure that a seamless transition occurs for you, your employees, and your customers.

# Meet Our Team—And We Hope To Meet You Soon!

**DANIEL DIXON / Group Director, Business Development** [daniel.dixon@amerigas.com](mailto:daniel.dixon@amerigas.com)

As a 22-year veteran of the propane industry, Daniel brings extensive knowledge and experience with valuations/appraisals, mergers & acquisitions, and business reviews, representing both buyers and sellers. Active in the NPGA, Daniel has served on the Executive Committee and NPGA Board and currently serves on the PERC Council as an officer. He has an accounting degree from the University of Mississippi and an MBA from the University of Alabama.

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**ANDY HINO / Director of Corporate Development** [andrew.hino@amerigas.com](mailto:andrew.hino@amerigas.com)

Proudly celebrating 25 years at AmeriGas, Andy has worked in a variety of roles throughout AmeriGas, including acquisitions, divestitures, internal audit and various operational and project management assignments. Prior to joining AmeriGas, Andy worked as a senior internal auditor for Sterling Winthrop Pharmaceuticals of New York, NY and as an auditor for Arthur Anderson & Company. He holds his accounting degree and MBA from Villanova University and is a CPA (inactive).

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**ERIC JACOB/ Acquisitions Manager** [eric.jacob@amerigas.com](mailto:eric.jacob@amerigas.com)

Eric joined AmeriGas in 2016 and has served in several roles, including process management, corporate treasury, and finance. Prior to joining AmeriGas, Eric worked with the U.S. Navy supporting the Submarine Escape and Rescue Program Office and with the U.S. Department of Defense's Missile Defense Agency. Eric holds an engineering degree from Rensselaer Polytechnic Institute and an MBA from the University of Virginia's Darden School of Business.

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A young girl wearing a white knit hat and a thick white scarf is smiling and warming her hands by a glowing kerosene heater. The heater is a tall, cylindrical metal cage with a bright orange and blue flame inside. The background is dark with some bokeh lights.

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