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CORPORATE PARTICIPANTS

Brian Herrmann *Ferrellgas Partners, L.P. - Principal Accounting Officer, Interim CFO & Treasurer of Ferrellgas Inc.*

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the First Quarter 2021 Earnings Conference Call. (Operator Instructions) I would now like to hand the conference over to your speaker today, Mr. Brian Herrmann, Interim Chief Financial Officer. Please go ahead.

Brian Herrmann - *Ferrellgas Partners, L.P. - Principal Accounting Officer, Interim CFO & Treasurer of Ferrellgas Inc.*

Thank you, operator, and welcome to our first quarter 2021 earnings call. Thank you all for joining us. Before we get started, I'd like to remind all of you that some statements made during this call may be considered forward-looking and that various risks, uncertainties and other factors could cause actual performance to differ materially from anticipated performance. These factors are discussed in our Form 10-K and other documents filed from time to time with the Securities and Exchange Commission. Additionally, we note that the purpose of this call is to discuss the results of operations for the first fiscal quarter ended October 31, 2020, as required by our senior secured bonds due 2025. Therefore, we will not be discussing or responding to questions regarding our recently announced agreement to restructure our debt.

Despite significant operational uncertainties in the U.S., the company produced exceptionally strong results in the first quarter of fiscal 2021, leading to a \$7.1 million increase in operating income or over [1,100%] growth over the prior year and set a foundation for continued growth in fiscal 2021.

The gallons of propane sold for the year were 167.6 million compared to 179.9 million last year. However, these decreases were partially offset by a continued increase in Blue Rhino tank exchange sales due to increased strategies in marketing and stay-at-home buying trends.

Additionally, Blue Rhino's sales locations now exceed 62,000, up over 6,000 from prior year. Margin per gallon for the year was \$0.08 or 10% higher than the prior year, attributable to strategic product placements, sound supply chain logistics strategies and lower wholesale propane prices. Overall, the increase in margin and increases in tank exchange volumes and customer growth were partially offset by decreased retail sales volumes due to the slowdown of the economy.

This has resulted in a gross -- in gross margin dollars of \$4.1 million. Operating expenses decreased \$5.5 million or 5% due to the strategies to deliver gallons more efficiently. The company has numerous initiatives underway to increase efficiency and profitability. These initiatives helped to produce strong results in the first quarter and enabled continued high performance in the areas of growth and operational expense management.

Strong execution by a leaner and more agile workforce with essential workers is driving high performance throughout the company, both in the field and in corporate locations. Successful transition of essential workers from a corporate workplace to a technology centric work-from-home environment decreased various general and administrative expenses as well as travel expense throughout the company.

Lastly, our continued commitment to safely serve our over 700,000 customers while adapting to the ever-changing circumstances and new operating protocols to help protect the health and safety of our customers and employees remains our top priority. For the quarter, the net loss attributable to Ferrellgas Partners, L.P., was \$46.1 million or \$0.47 per common unit compared to prior year's first quarter net loss of \$45.3 million or \$0.46 per common unit.

Adjusted EBITDA, a non-GAAP measure, increased by \$8.8 million or 35% compared to prior year. For the first quarter, adjusted EBITDA was \$33.9 million compared to \$25.1 million in last year's quarter, resulting from the previously discussed initiatives.

As previously announced, the company indefinitely suspended its quarterly cash distribution as a result of not meeting the required fixed charge coverage ratio contained in the senior unsecured notes due 2020. Additionally, we previously announced an historic agreement with the majority bondholders of the senior notes due 2020. We are very excited about this agreement. It will allow us to continue to satisfy all of the company's

obligations to employees, vendors, suppliers and other partners without interruption. For more information about that agreement, please refer to the Form 8-K filed December 11, 2020.

I'll now turn the call back to our moderator, but before I do that, as mentioned in the announcement for this call, any additional questions may be submitted via our Investor Relations e-mail box at investorrelations@ferrellgas.com. Thank you.

Operator

(Operator Instructions) And I will turn the call back to Mr. Herrmann for any closing remarks.

Brian Herrmann - *Ferrellgas Partners, L.P. - Principal Accounting Officer, Interim CFO & Treasurer of Ferrellgas Inc.*

I think we're done on our end, operator. Thank you very much.

Operator

And this concludes today's conference call. Thank you for your participation.

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