SHV Energy and UGI to Launch Joint Venture to Accelerate the Transition of the LPG Industry to a Sustainable Future

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VALLEY FORGE, Pa.--(BUSINESS WIRE)--May 17, 2021-- **SHV Energy and UGI International, a subsidiary of UGI Corporation (NYSE: UGI), leading distributors of off-grid energy, announce the intention to launch a joint venture to advance the production and use of Renewable Dimethyl Ether ("rDME"), a low-carbon sustainable liquid gas, to accelerate renewable solutions for the LPG industry. By leveraging the expertise, innovation capabilities and distribution power of both companies, the joint venture will aim to develop the full potential of rDME as a sustainable solution.**

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The parties anticipate the development of up to 6 production plants within the next 5 years, targeting a total production capacity of 300 kilotons of rDME per year by 2027. The aggregate investment is estimated to be up to $1 billion which is expected to involve third party investment.

The joint venture, in which both parties would have an equal stake, will bring scale and critical mass to the rDME market by developing opportunities for investment in production capacity. Moreover, it will promote the use of rDME by driving efforts geared at broad market acceptance, developing new rDME based technologies to gain traction among users, and supporting the development of infrastructure, regulations and standards for the safe use of rDME in the off-grid energy sector. The joint venture aspires to advance the further de-fossilization of the entire LPG industry by making available approximately 20% of the rDME production to peers in the LPG industry.

rDME is a complementary liquid gas that can be produced from multiple renewable feedstocks. Being a safe, cost-effective and clean-burning fuel, rDME is a viable sustainable addition to the energy mix. It has a low greenhouse gas ("GHG") footprint, reducing emissions by up to 85% compared to fossil fuel alternatives. In both pure and blended form, rDME can help the de-fossilization of LPG by becoming a sustainable alternative for off-grid energy uses including heating, cooking and transport. It is highly compatible with existing infrastructure and equipment. Therefore, with limited incremental investments, rDME can help to quickly transition the LPG industry to a more sustainable future.

"*De-fossilization is pivotal for our industry. Liquid gas is an important, clean and efficient energy source used in over 1000 different applications by millions of people around the world. Finding accessible, sustainable and affordable feedstock to produce alternative liquid renewable gas is a high priority for the LPG industry. We are convinced that rDME ticks all the boxes to be a gamechanger for our industry. We are excited to join forces with UGI to guide the LPG industry in this important transition,*" comments Bram Gräber, Chief Executive Officer at SHV Energy. "*We are ready to take up the responsibility to bring rDME to fruition, which will be to the benefit of the whole industry and its customers.*"

Roger Perreault, Executive Vice President Global LPG of UGI Corporation, who will become UGI's CEO next month, continues: "*The proposed joint venture leverages our expertise in off-grid energy and renewable fuels. Innovation is at the heart of both our organizations, and by teaming up we will combine our strong innovative capabilities. As leading distributors of LPG, we jointly provide an even more extensive global distribution network through which to promote the use of rDME. Although US and EU regulations differ, we are convinced rDME will help LPG down the path of de-fossilization across jurisdictions. We are excited to announce this joint venture proposal and be able to contribute to a more sustainable future for our industry and customers*."

More background on rDME

rDME is a safe, clean-burning, sustainable fuel that can support de-fossilization of transport, domestic and industrial heating and cooking. It is a single molecule, chemically similar to propane and butane, produced from multiple renewable feedstocks including waste streams and residues. rDME has a low GHG footprint, up to 85% GHG emission reduction compared to alternatives, and can be easily transported as a liquid in pressurized cylinders and tanks. It can be used in pure form or easily blended with both LPG and bioLPG. When blended with propane, rDME enables propane to approach carbon neutrality.

About UGI International

UGI International, a subsidiary of UGI Corporation, is one of the leading LPG distributors and operates in 17 European countries servicing a customer base of approximately 615,000 end-users. UGI International markets under several brands such as AmeriGas, Antargaz, AvantiGas, DVEP Energie, Flaga, Kosan Gas and UniverGas. In 2020 UGI International serviced customers across broad markets – such as commercial and industrial, residential, agriculture, Autogas and aerosol, retailing 1.7 million tons of LPG.

About UGI Corporation

UGI Corporation is a distributor and marketer of energy products and services. Through subsidiaries, UGI operates natural gas and electric utilities in Pennsylvania, distributes LPG both in the US (through AmeriGas) and internationally (through UGI International), manages midstream energy assets in Pennsylvania, Ohio and West Virginia and electric generation assets in Pennsylvania, and engages in energy marketing, including renewable natural gas, in twelve states and the District of Columbia and internationally in France, Belgium, the Netherlands and the UK.

Comprehensive information about UGI Corporation is available at https://www.ugicorp.com.

About SHV Energy

SHV Energy is a leading global distributor of off-grid energy such as LPG and LNG and is active in the area of sustainable fuels and renewable energy

solutions. SHV Energy is a wholly owned subsidiary of SHV, a family-owned multinational, and consists of a group of specialized energy companies. The company's brands include Calor, Ipragaz, Liquigas, Pinnacle, Primagas, Primagaz and Supergasbras. With these companies, SHV Energy's mission is to provide decentralized, low-carbon and clean energy solutions to 30 million business and residential customers who are not on the energy grid.

More information about SHV Energy is available at https://www.shvenergy.com.

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