# Analysts Call to Review **Fiscal 2019 Second Quarter Financial Results**

***May 8, 2019***

*9:00 a.m. Eastern*

# Fiscal 2019 YTD Highlights

- **Solid YTD Financial Performance**
  - ✓ YTD Diluted EPS of $3.21
  - ✓ 12% increase in capital spending to $778 million; 84% allocated to safety and reliability spending
  - ✓ 8.2% increase in fiscal 2019 indicated annual dividend to $2.10 per diluted share - 35th consecutive year of rising dividends
  - ✓ Narrowed EPS guidance range to $4.25 - $4.35 from $4.20 - $4.35

- **Executed Our Regulatory Strategy**
  - ✓ Implemented $85.6 million of annualized regulatory outcomes
  - ✓ $89.8 million in rate proceedings in progress
  - ✓ Continued to implement tax reform into customer bills

- **Strong Balance Sheet**
  - ✓ $1.1 billion of 30-year debt issuances
  - ✓ $908 million equity issued; $404 million available under forward agreement at March 31, 2019
  - ✓ Equity capitalization at 60.1% at March 31, 2019

# Consolidated Financial Results
# Fiscal 2019 – Q2

## Net Income – Q2 Fiscal 2019 versus Q2 Fiscal 2018

| *($millions, except EPS)* | Fiscal 2019 – Q2 Net Income | Fiscal 2019 – Q2 Diluted EPS [2] | Fiscal 2018 – Q2 Net Income | Fiscal 2018 – Q2 Diluted EPS [2] |
|---|---|---|---|---|
| **Segment Net Income** | | | | |
| Distribution | $ 172 | | $ 145 | |
| Pipeline & Storage | 43 | | 34 | |
| **Net Income** | **$ 215** | **$1.82** | **$ 179** | **$1.60** |
| Adoption of the TCJA | ---- | ---- | (4) | (0.03) |
| **Adjusted Net Income[1]** | **$ 215** | **$1.82** | **$ 175** | **$1.57** |

[1] *Adjusted Net Income and diluted EPS are non-GAAP measures defined as Net Income and diluted EPS before the one-time, non-cash income tax benefit resulting from the implementation of the Tax Cuts and Jobs Act of 2017 (TCJA).*

[2] *Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.*

# Consolidated Financial Results
# Fiscal 2019 – YTD

## Net Income – YTD Fiscal 2019 versus YTD Fiscal 2018

| *($millions, except EPS)* | Fiscal 2019 – YTD | | Fiscal 2018 – YTD | |
|---|---|---|---|---|
| | Net Income | Diluted EPS [2] | Net Income | Diluted EPS [2] |
| **Segment Net Income** | | | | |
| Distribution | $ 287 | | $ 394 | |
| Pipeline & Storage | 86 | | 99 | |
| **Net Income** | **$ 373** | **$3.21** | **$ 493** | **$4.47** |
| Adoption of the TCJA | ---- | ---- | (166) | (1.50) |
| **Adjusted Net Income[1]** | **$ 373** | **$3.21** | **$ 327** | **$2.97** |

[1] *Adjusted Net Income and diluted EPS are non-GAAP measures defined as Net Income and diluted EPS before the one-time, non-cash income tax benefit resulting from the implementation of the Tax Cuts and Jobs Act of 2017 (TCJA).*

[2] *Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.*

# Distribution Segment Financial Results

| Quarter Ended 3/31 *($millions)* | 2019 | 2018 | Change |
|---|---|---|---|
| Contribution Margin | $ 487.5 | $ 472.2 | $ 15.3 |
| **Operating Expenses** | | | |
| Operation & Maintenance | 117.6 | 130.1 | (12.5) |
| Depreciation & Amortization | 69.9 | 65.6 | 4.3 |
| Taxes, Other Than Income | 71.0 | 64.7 | 6.3 |
| **Operating Income** | **$ 229.0** | **$ 211.8** | **$ 17.2** |

**Key Drivers**

- **Contribution Margin increase:**
  - ✓ $24.1MM – Increase in rates
  - ✓ $3.9MM – Customer growth
  - ✓ ($8.5MM) – Lower consumption
- **O&M decrease:**
  - ✓ $23MM NW Dallas expenses in 2Q18
  - ✓ Increased system integrity spending
  - ✓ Increased employee-related expenses
- **D&A and ad valorem taxes:**
  - ✓ Increased capital investments

| Six Months Ended 3/31 *($millions)* | 2019 | 2018 | Change |
|---|---|---|---|
| Contribution Margin | $ 888.6 | $ 869.3 | $ 19.3 |
| **Operating Expenses** | | | |
| Operation & Maintenance | 223.4 | 233.3 | (9.9) |
| Depreciation & Amortization | 139.6 | 131.1 | 8.5 |
| Taxes, Other Than Income | 127.2 | 119.8 | 7.4 |
| **Operating Income** | **$ 398.4** | **$ 385.1** | **$ 13.3** |

- **Contribution Margin increase:**
  - ✓ $16.7MM – Increase in rates
  - ✓ $7.7MM – Customer growth
- **O&M decrease:**
  - ✓ $23MM NW Dallas expenses in 2Q18
  - ✓ Increased system integrity spending
  - ✓ Increased employee-related expenses
- **D&A and ad valorem taxes:**
  - ✓ Increased capital investments

# Pipeline & Storage Segment Financial Results

| Quarter Ended 3/31 ($millions) | 2019 | 2018 | Change |
|---|---|---|---|
| Contribution Margin | $ 135.7 | $ 120.5 | $ 15.2 |
| **Operating Expenses** | | | |
| Operation & Maintenance | 32.1 | 29.4 | 2.7 |
| Depreciation & Amortization | 26.9 | 23.7 | 3.2 |
| Taxes, other than Income | 8.0 | 8.3 | (0.3) |
| **Operating Income** | $ 68.7 | $ 59.1 | $ 9.6 |

**Key Drivers**

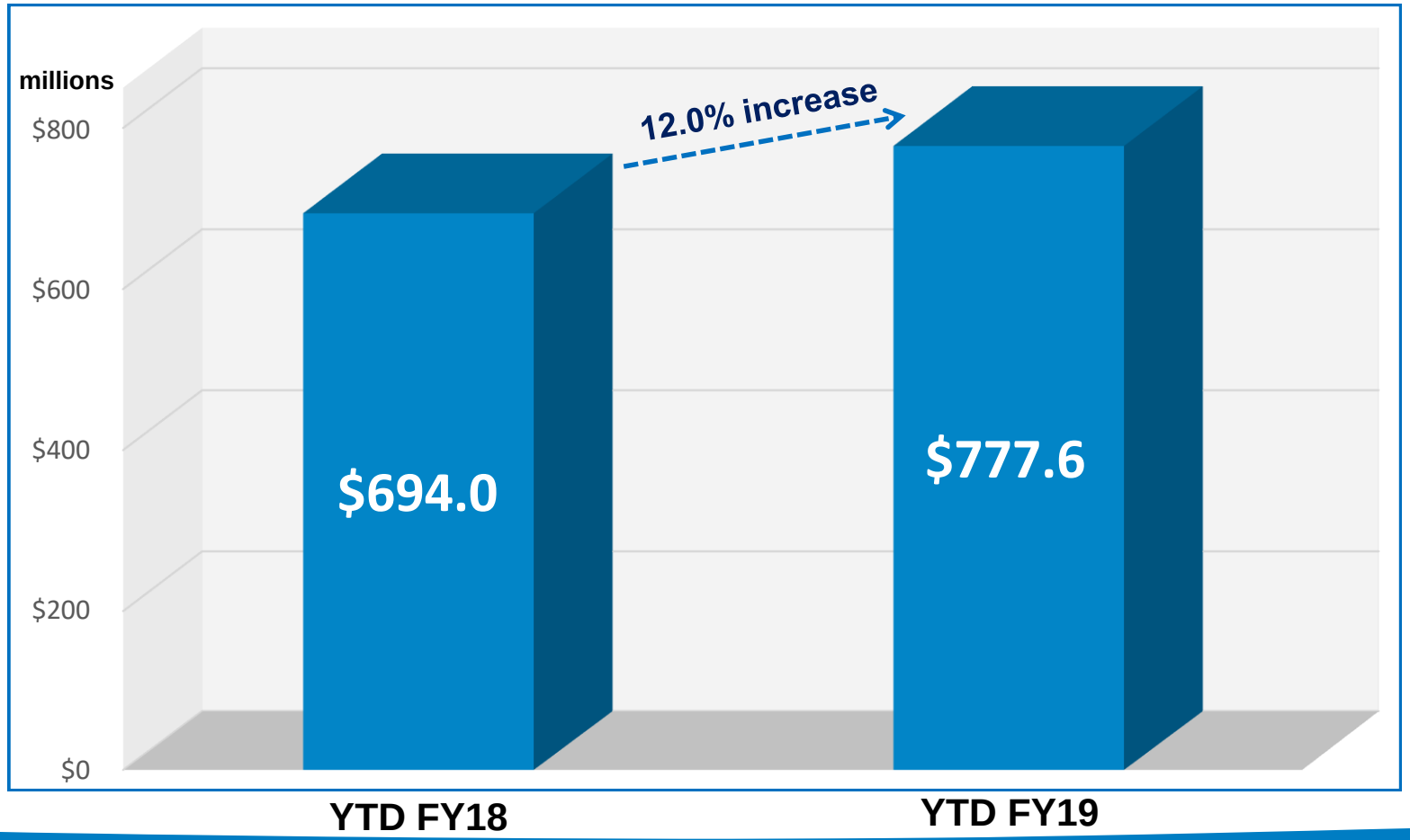
- **Contribution Margin increase:**
  - ✓ $12.2MM – Rate increases
  - ✓ $1.2MM – Thru-system activities
- **O&M increase:**
  - ✓ System maintenance and integrity spending
- **D&A:**
  - ✓ Increased capital investments

| Six Months Ended 3/31 ($millions) | 2019 | 2018 | Change |
|---|---|---|---|
| Contribution Margin | $ 270.6 | $ 246.1 | $ 24.5 |
| **Operating Expenses** | | | |
| Operation & Maintenance | 65.3 | 55.5 | 9.8 |
| Depreciation & Amortization | 53.2 | 46.7 | 6.5 |
| Taxes, other than Income | 16.4 | 16.0 | 0.4 |
| **Operating Income** | $ 135.7 | $ 127.9 | $ 7.8 |

- **Contribution Margin increase:**
  - ✓ $18.1MM – Rate increases
  - ✓ $4.3MM – Thru-system activities
- **O&M increase:**
  - ✓ System maintenance and integrity spending
- **D&A and ad valorem taxes:**
  - ✓ Increased capital investments

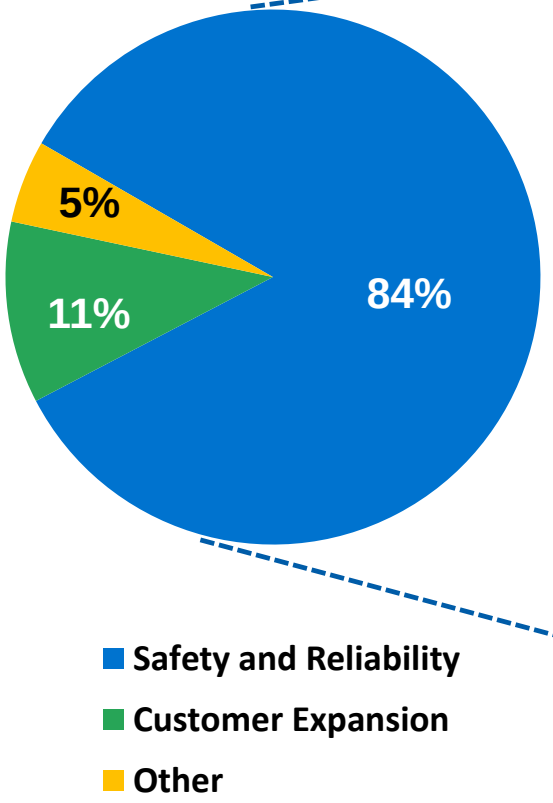
# Capital Spending

**84% Allocated to Safety and Reliability**



# Capital Spending Mix

## Safety & Reliability Investments Support Infrastructure Modernization



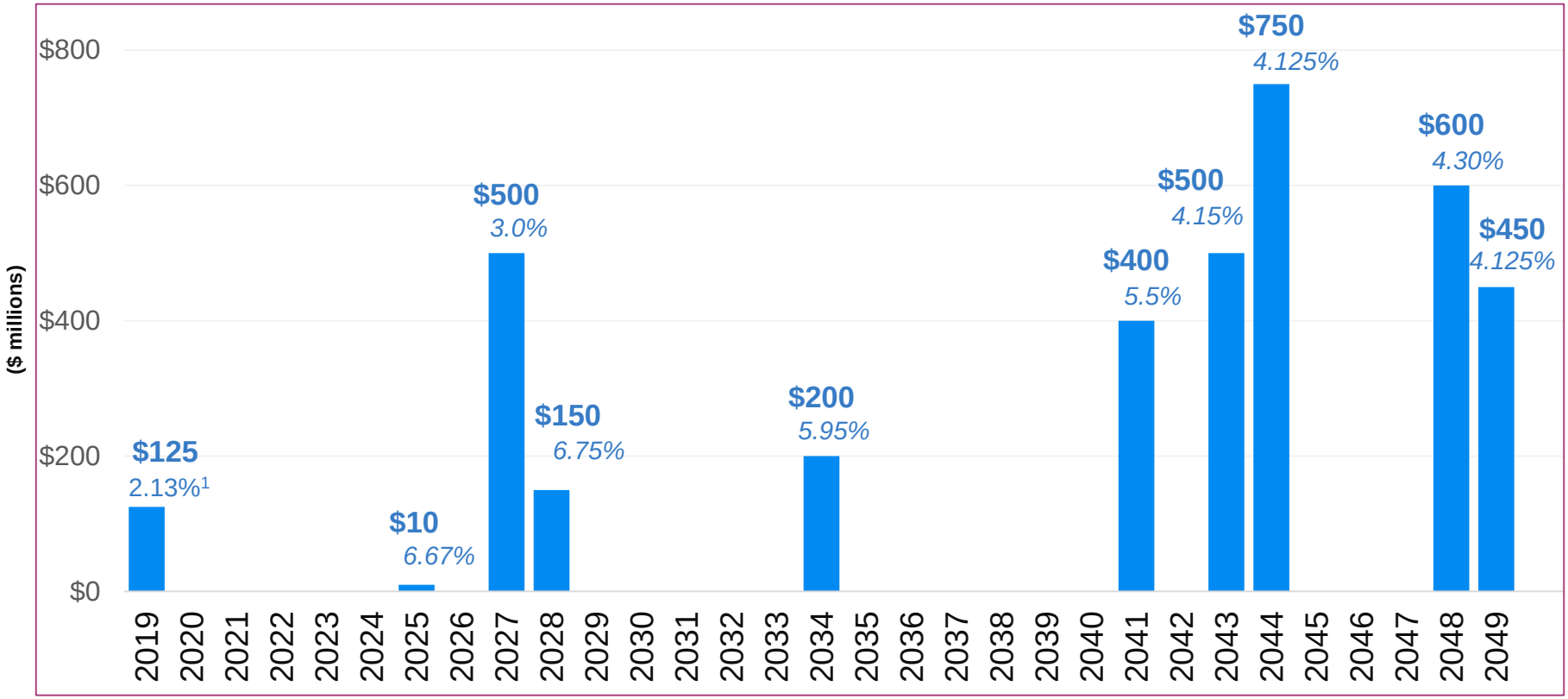

| *$millions* | Fiscal 2019 YTD CapEx |
|---|---|
| $ 349 | Repair and replace transmission and distribution pipelines |
| $ 92 | Service line replacement |
| $ 67 | Fortifications |
| $ 64 | Install & replace measurement & regulating equipment |
| $ 40 | Pipeline integrity management projects |
| $ 40 | Enhance storage and compression capabilities |
| **$ 652** | **Total Safety and Reliability Spending** |
| **$ 778** | **Total Capital Spending** |

# Fiscal 2019 Financing Recap

- $2.0 billion of financing completed through March 31, 2019
  - ✓ $1.1 billion of 30-year debt issuance
    - ✓ $600 million 4.3% senior notes issued October 2018 to repay short-term debt
    - ✓ $450 million senior notes issued March 2019 to refinance $450 million 8.5% notes that matured March 15, 2019
  - ✓ $908 million in equity issuances
    - ✓ $748 million issued in November 2018; $248 million issued under forward agreements
    - ✓ $160 million issued in February 2019 under forward agreements via the ATM
      - ✓ Supports Fiscal 2020 equity needs
    - ✓ $404 million in net proceeds available under forward agreements through March 31, 2020
- ***Financing activities support current credit metrics and are reflected in Fiscal 2019 earnings guidance and earnings outlook through Fiscal 2023***

# Strong Financial Foundation

## Weighted Average Maturity ~22 Years

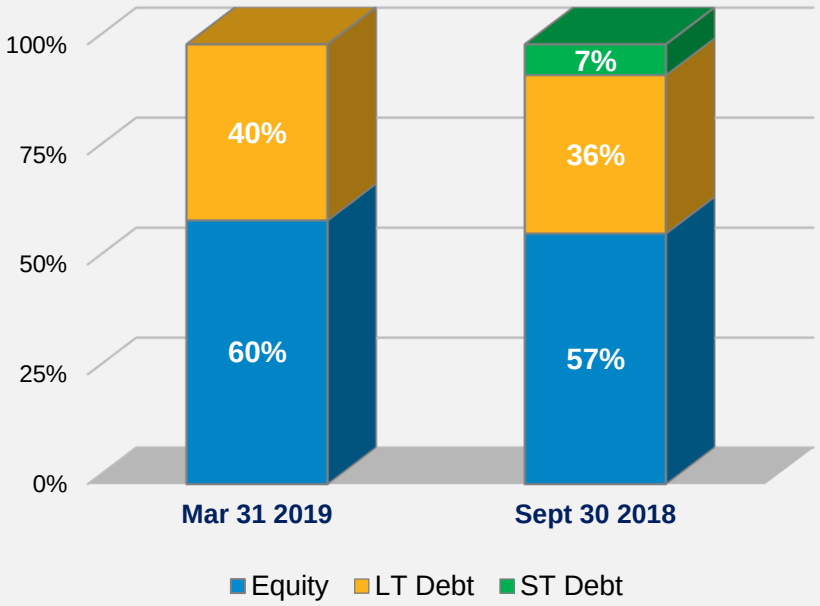



[1] Drawn under a 3-year $200 million multi-draw floating rate term loan.

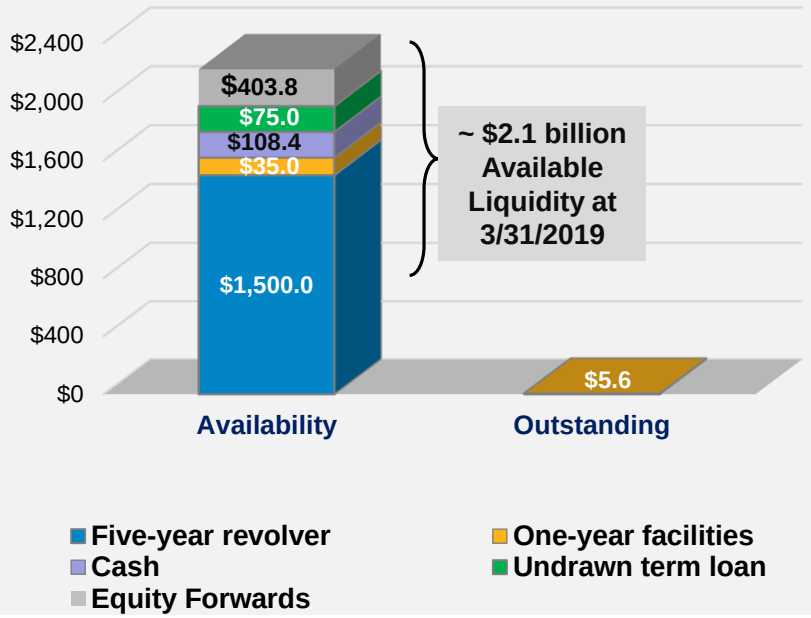
# Strong Financial Foundation

## Capitalization and Liquidity Profile

### Total Capitalization




### Liquidity Profile as of March 31, 2019



# Fiscal 2019E Guidance

| *($millions, except EPS)* | FY 2018 Adjusted Net Income [2] | FY 2019E* |
|---|---|---|
| Distribution | $ 305 | $ 325 - 335 |
| Pipeline & Storage | 139 | 170 - 180 |
| **Total Net Income** | **$ 444** | **$ 495 - 515** |
| Average Diluted Shares | 111.0 | 117.0 - 118.0 |
| **Diluted EPS[1]** | **$ 4.00** | **$ 4.25 - $ 4.35** |

* *Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2019 significantly above or below this outlook.*

[1] *Since Atmos Energy has non-vested share-based payments with a non-forfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.*

[2] *Adjusted Net Income and diluted EPS are non-GAAP measures defined as Net Income and diluted EPS before the one-time, non-cash income tax benefit resulting from the implementation of TCJA.*

# Fiscal 2019E Guidance

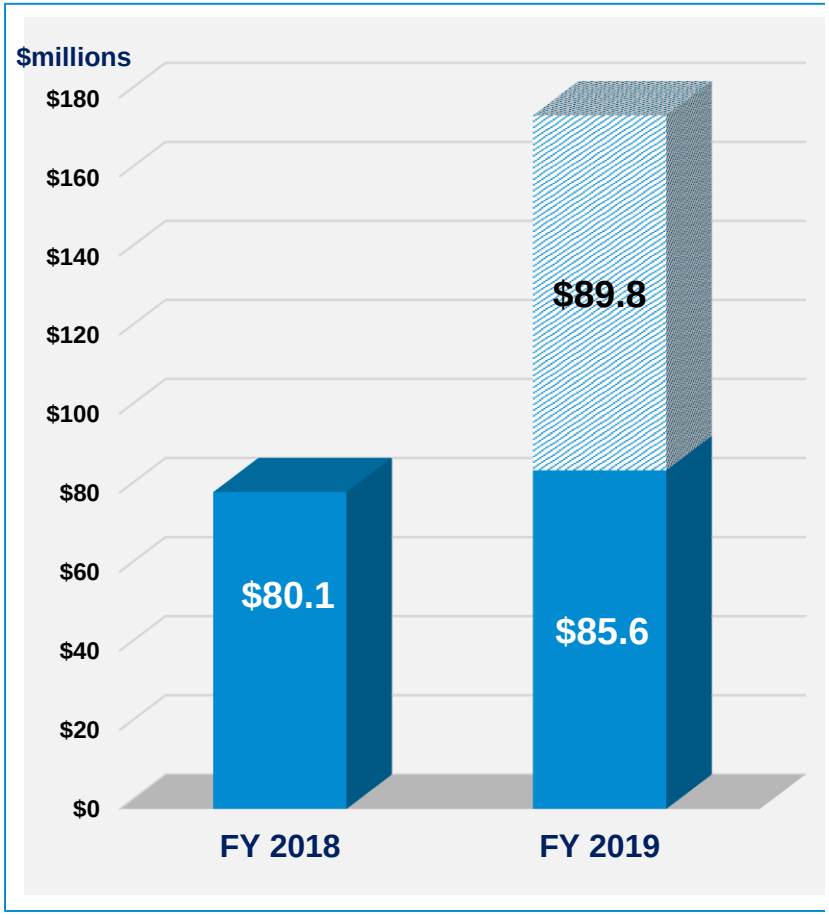
| Selected Expenses *($millions)* | FY 2018 | FY 2019E* |
|---|---|---|
| O&M | $ 600 | $ 620 - 630 |
| D&A | $ 361 | $ 385 - 405 |
| Interest | $ 107 | $ 85 - 95 |
| Income Tax | $ 8 | $ 135 - 145 |
| Effective Tax Rate | 27.3% | 21% - 23%** |

* *Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings and could result in earnings for fiscal 2019 significantly above or below this outlook.*

** *Inclusive of amortization of tax gross-up on excess deferred tax liability; 23% - 25% effective rate excluding this amortization.*

# Recent Regulatory Developments

## Approved Annualized Operating Income Increases




## Key Rate Activity
Through 5/7/2019

- **$85.6MM Completed– FY19**
  - ✓$ 49.2MM – APT GRIP
  - ✓$ 20.4MM – Mid-Tex & West-TX RRMs
  - ✓$ 7.0MM – Mississippi SRF/SIR
  - ✓$ 5.7MM – ALDC GRIP
  - ✓$ 4.7MM – Louisiana Trans La
  - ✓$ 3.5MM – Kentucky Rate Case
  - ✓$ 2.1MM – Colorado SSIR
  - ✓$ 1.6MM – Kansas GSRS
  - ✓ ($ 0.4MM) – Virginia Rate Case
  - ✓ ($ 3.5MM) – TX Environ SOIs
  - ✓ ($ 5.0MM) – Tennessee ARM Filing
- **$89.8MM in Progress**
  - ✓$ 53.9MM – Mid-Tex & West TX RRMs
  - ✓$ 9.5MM – Mid-Tex DARR
  - ✓$ 8.4MM – Mississippi SIR
  - ✓$ 7.1MM – Louisiana LGS
  - ✓$ 4.3MM – Mid-Tex ATM SOI
  - ✓$ 3.4MM – Environs TX GRIP Filings
  - ✓$ 3.2MM – Tennessee ARM

# Distribution Operations – Regulatory Update

## *Mid-Tex Division*

- **Mid-Tex Cities: *Filed* 2019 Annual Rate Review Mechanism (RRM) on March 29, 2019**
  - ✓ Requested an annual operating income increase of $47.7 million
  - ✓ Requested return on equity (ROE): 9.80%; overall rate of return (ROR): 7.90%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested rate base: $3.1 billion
  - ✓ Test year ending December 31, 2018

- **Mid-Tex Environs: *Filed* 2018 GRIP on February 28, 2019**
  - ✓ Requested an annual operating income increase of $2.4 million
  - ✓ Requested ROE: 9.80%; ROR: 7.97%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested rate base: $3.0 billion
  - ✓ Test year ending December 31, 2018

- **Mid-Tex ATM Cities: *Partial Stipulation / Final Order Pending***
  - ✓ Requested an increase in annual operating income of $4.3 million
  - ✓ Requested ROE: 10.50%; ROR of 8.39%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested system-wide rate base of $2.6 billion
  - ✓ Serves approximately 172,000 customers
  - ✓ Test year ended December 31, 2017

# Distribution Operations – Regulatory Update

## *Mid-Tex Division*

- **Mid-Tex City of Dallas: *Filed* Dallas Annual Rate Review (DARR) on January 15, 2019**
  - ✓ Requested an increase in annual operating income of $9.5 million
  - ✓ Requested ROE: 9.8%; ROR of 7.96%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested system-wide rate base of $2.9 billion
  - ✓ Serves approximately 230,000 customers
  - ✓ Test year ended September 30, 2018

- **Mid-Tex Environs: *Implemented* Statement of Intent (SOI) on January 1, 2019**
  - ✓ Authorized a decrease in annual income of $2.7 million
  - ✓ Authorized ROE: 9.8%; ROR: 7.97%
  - ✓ Authorized capital structure: 40% debt / 60% equity
  - ✓ Authorized system-wide rate base of $2.6 billion
  - ✓ Serves approximately 65,000 customers
  - ✓ Test year ended December 31, 2017

# Distribution Operations – Regulatory Update

## *West Texas Division*

- **West Texas Cities: *Filed* 2018 RRM on April 1, 2019**
  - ✓ Requested an annual operating income increase of $6.2 million
  - ✓ Requested ROE: 9.8%; ROR: 7.90%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested rate base: $591.5 million
  - ✓ Test year ending December 31, 2018
- **West Texas Environs: *Filed* 2018 GRIP on February 28, 2019**
  - ✓ Requested an annual operating income increase of $1.0 million
  - ✓ Requested ROE: 9.8%; ROR: 7.97%
  - ✓ Requested capital structure: 40% debt / 60% equity
  - ✓ Requested rate base: $592.9 million
  - ✓ Test year ending December 31, 2018
- **Amarillo/Lubbock/Dalhart/Channing: *Implemented* 2018 GRIP on May 1, 2019**
  - ✓ Authorized an annual operating income increase of $5.7 million
  - ✓ Authorized ROE: 10.5%; ROR: 8.57%
  - ✓ Authorized capital structure: 48% debt / 52% equity
  - ✓ Authorized rate base: $594.5 million
  - ✓ Test year ending December 31, 2018

# Distribution Operations – Regulatory Update

## *West Texas Division*

- **West Texas Environs: *Implemented* 2018 SOI on January 1, 2019**
  - ✓ Authorized $0.8 million decrease in operating income
  - ✓ Authorized ROE: 9.8%; ROR: 7.97%
  - ✓ Authorized capital structure: 40% debt / 60% equity
  - ✓ Authorized system-wide rate base of $507 million
  - ✓ Serves approximately 24,000 customers
  - ✓ Test year ended December 31, 2017

# Distribution Operations – Regulatory Update

## *Louisiana Division*

- **TransLa: *Implemented* Annual RSC Filing on April 1, 2019, subject to refund**
  - ✓ $4.7 million increase in annual operating income
  - ✓ Authorized ROE: 9.8%; ROR: 7.81%
  - ✓ Authorized capital structure: 41% debt / 59% equity
  - ✓ Authorized rate base of $192.6 million
  - ✓ Serves approximately 77,000 customers
  - ✓ Test year ended September 30, 2018

- **LGS: *Filed* Annual RSC on March 29, 2019**
  - ✓ $7.1 million increase in annual operating income
  - ✓ Authorized ROE: 9.8%; ROR: 7.79%
  - ✓ Authorized capital structure: 42% debt / 58% equity
  - ✓ Authorized rate base of $469.0 million
  - ✓ Serves approximately 286,000 customers
  - ✓ Test year ended December 31, 2018

# Distribution Operations – Regulatory Update

## *Mississippi Division*

- **Mississippi: *Filed* Annual System Integrity Rider (SIR) on March 1, 2019**
  - ✓ Requested a net increase in annual operating income of $8.4 million
  - ✓ Requested ROE: 10.24%; ROR: 7.84%
  - ✓ Requested actual capital structure: 40% debt / 60% equity
  - ✓ Requested rate base: $186.7 million
  - ✓ Serves approximately 270,000 customers
  - ✓ Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2019 - October 2020

- **Mississippi: *Implemented* on November 1, 2018, Annual System Integrity Rider (SIR) & Annual Stable Rate Filing (SRF)**
  - ✓ Authorized annual increase in operating income of $7.1 million for SIR; $0.1 million decrease for SRF
  - ✓ Authorized ROE: 10.24%; ROR: 7.81%
  - ✓ Authorized actual capital structure: 45% debt / 55% equity
  - ✓ Authorized rate base: $126.0 million (SIR); $415.6 million (SRF)
  - ✓ Serves approximately 270,000 customers
  - ✓ Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2018 - October 2019

# Distribution Operations – Regulatory Update

## *Kentucky/Mid-States Division*

- **Virginia Rate Filing: *Filed* New SAVE Infrastructure Program on April 1, 2019**
  - ✓ Requested an EBIT increase of $0.1 million
  - ✓ Requested ROE: 9.20%; ROR: 7.43%
  - ✓ Requested capital structure: 42% debt / 58% equity
  - ✓ Requested rate base: $0.7 million
  - ✓ Serves approximately 24,000 customers

- **Tennessee ARM Filing: *Filed* Annual Rate Mechanism (ARM) filing on February 1, 2019**
  - ✓ Requested annual operating income increase of $3.2 million
  - ✓ Requested ROE: 9.80%; ROR: 7.79%
  - ✓ Requested capital structure: 42% debt / 58% equity
  - ✓ Requested rate base: $389.1 million
  - ✓ Serves approximately 152,000 customers
  - ✓ Forward test year ending May 2020

- **Kentucky Rate Filing: *Approved* general rate case on May 7, 2019**
  - ✓ Authorized a $3.5 million increase in annual operating income
  - ✓ Authorized ROE: 9.65%; ROR: 7.49%
  - ✓ Authorized capital structure: 42% debt / 58% equity
  - ✓ Authorized rate base: $424.9 million
  - ✓ Serves approximately 184,000 customers
  - ✓ Forward-looking test year ending March 2020
  - ✓ Reinstated the Pipeline Replacement Program (PRP) on a forward looking basis to be filed in August 2019 with new rates to be implemented in October 2019

# Distribution Operations – Regulatory Update

## *Kentucky/Mid-States Division*

- **Virginia Rate Filing: *Approved* general rate case filing on March 11, 2019**
  - ✓ Authorized an annual operating income decrease of $0.4 million
  - ✓ Authorized d ROE: 9.20%; ROR: 7.43%
  - ✓ Authorized capital structure: 42% debt / 58% equity
  - ✓ Authorized rate base: $47.8 million
  - ✓ General rate case incorporates a portion of the impact of the TCJA
  - ✓ Serves approximately 24,000 customers
  - ✓ Test year ending September 2017

# Distribution Operations – Regulatory Update

## *Colorado - Kansas Division*

- **Kansas: *Approved* Gas Safety Reliability Surcharge filing (GSRS) on April 23, 2019**
  - ✓ Authorized an annual operating income increase of $1.6 million
  - ✓ First filing to reflect new customer monthly surcharge of $0.80
  - ✓ Serves approximately 137,000 customers
- **Colorado: *Approved* System Safety and Integrity Rider (SSIR) on January 1, 2019**
  - ✓ Authorized a $2.1 million increase in annual operating income
  - ✓ Authorized ROE: 9.45%; ROR: 7.55%
  - ✓ Authorized capital structure: 44% debt / 56% equity
  - ✓ Rate base value: $40.0 million
  - ✓ Test year ended December 31, 2018

# Pipeline & Storage – Regulatory Update

## *Atmos Pipeline - Texas*

- **Atmos Pipeline - Texas: *Implemented* 2018 GRIP on May 7, 2019**
  - ✓ Authorized an annual operating income increase of $49.2 million
  - ✓ Authorized ROE: 11.50%; ROR: 8.87%
  - ✓ Authorized capital structure: 47.4% debt / 52.6% equity
  - ✓ Authorized rate base: $2.4 billion
  - ✓ Test year ending December 31, 2018

# Federal Tax Reform – Regulatory Progress

| Jurisdiction | Note | Implement 21% in Rates | Refund Regulatory Liability | Refund Excess Deferred Taxes | |
|---|---|---|---|---|---|
| | | | | Approved | Period *(Yrs)* |
| APT – Base rates | 2 | ✓ | ✓ | | |
| Colorado (Includes SSIR) | 1 | ✓ | ✓ | ✓ | 18 |
| Kansas | 2 | ✓ | ✓ | | |
| Kentucky | 1 | ✓ | | ✓ | 24-32 |
| Louisiana – LGS | 1 | ✓ | ✓ | ✓ | 23 |
| Louisiana – TransLa | 1 | ✓ | ✓ | ✓ | 28 |
| Mississippi (SIR & SRF) | 1 | ✓ | **N/A** | ✓ | 26-39 |
| Tennessee | 1 | ✓ | **N/A** | ✓ | 28 |
| Texas – ACSC/WTX Cities | 1 | ✓ | ✓ | ✓ | 24 |
| Texas – ATM/MTX Cities | 2 | ✓ | ✓ | | |
| Texas – Dallas/MTX | 2 | ✓ | | | |
| Texas – WTX and MTX Environs | 2 | ✓ | ✓ | ✓ | 24 |
| Virginia | 1 | ✓ | ✓ | ✓ | 24 |

✓ **Indicates that TCJA adjustment has been reflected in rates**

1 **EDTL amortization period is provisional and is subject to final true-up**

2 **The effect of the TCJA that is not already reflected in rates is expected to be addressed in future filings**

# Key Regulatory Developments – Fiscal 2019E

## *Rate Filing Outlook*

| Q1<br>October → December | Q2<br>January → March | Q3<br>April → June | Q4<br>July → September |
|---|---|---|---|
| Mississippi – Implemented Stable Rate Filing (SRF) and System Integrity Rider (SIR) of $7.0 million | Tennessee – Filed annual mechanism of $3.2 million | WTX Cities – Filed Rate Review Mechanism (RRM) filing in April 2019; new rates anticipated Q1 fiscal 2020 | Mississippi – Anticipate Stable Rate Filing in July 2019; new rates anticipated Q1 fiscal 2020 |
| Tennessee – Implemented Annual Rate Mechanism (ARM) of $(5.0) million | Atmos Pipeline Texas (APT) – Implemented 2018 GRIP of $49.2 million | Virginia – Filed Annual SAVE of $0.1 million in April 2019, new rates anticipated Q1 fiscal 2020 | Kentucky – Anticipate filing PRP in August 2019 new rates anticipated Q1 fiscal 2020 |
| Colorado – Implemented System Safety and Integrity Rider (SSIR) of $2.1 million | Texas Environs Customers - Filed annual GRIP of $3.4 million in February 2019; new rates anticipated Q3 fiscal 2019 | | Kentucky – Anticipate filing rate case in September 2019 new rates anticipated Q3 fiscal 2020 |
| Louisiana – Filed TransLa jurisdiction annual Rate Stabilization Clause in December 2018; Rates implemented subject to refund April 1, 2019. | West Texas ALDC – Implemented annual GRIP of $5.7 million | | |
| Mid-Tex (Dallas) – Filed Dallas Annual Rate Review (DARR) in January 2019; new rates anticipated Q3 fiscal 2019 | Mississippi – Filed System Integrity Rider (SIR) of $8.4 million in March 2019; new rates anticipated Q1 fiscal 2020 | | |
| Kansas – Implemented Gas System Reliability Surcharge (GSRS) of $1.6 million | Mid-Tex Cities – Filed Rate Review Mechanism (RRM) filing in March 2019; new rates anticipated Q1 fiscal 2020 | | |
| | Louisiana – Filed LGS annual Rate Stabilization Clause filing in March 2019; new rates anticipated Q4 fiscal 2019 | | |

# Forward Looking Statements

The matters discussed or incorporated by reference in this presentation may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation or in any of our other documents or oral presentations, the words “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the credit and capital markets and the other factors discussed in our reports filed with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2018 and in subsequent filings with the Security and Exchange Commission. Although we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2019 and beyond that appear in this presentation are current as of May 7, 2019.

# Appendix

# Regulatory Summary

| Jurisdictions | | Effective Date of Last Rate Action | Date of Last Rate Filing (Pending) | Authorized Operating Income $ millions | Requested Operating Income $ millions | Rate Base $ millions (1) | Requested Rate Base $ millions | Authorized Rate of Return (1) | Requested Rate of Return | Authorized Return on Equity (1) | Requested Return on Equity | Authorized Debt/ Equity Ratio | Requested Debt/ Equity Ratio | Meters at 3/31/19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Atmos Pipeline-TX (GUD 10580) | | 8/1/17 | | $ 13.0 | | $ 1,767 | | 8.87% | | 11.50% | | 47/53 | | NA |
| Atmos Pipeline-TX GRIP | | 5/7/19 | | $ 49.2 | | $ 2,388 | | 8.87% | | 11.50% | | 47/53 | | NA |
| Mid-Tex - City of Dallas SOI/DARR | | 2/14/18 | 1/15/19 | $ (5.1) | $ 9.5 | 2 | $ 2,862 | 2 | 7.96% | 2 | 9.80% | 2 | 40/60 | 230,890 |
| Mid-Tex Cities RRM | | 10/1/18 | 3/29/19 | $ 17.6 | $ 47.7 | $ 2,587 | $ 3,053 | 7.87% | 7.90% | 9.80% | 9.80% | 42/58 | 40/60 | 1,240,486 |
| Mid-Tex ATM Cities SOI (GUD 10779) | | | 6/1/18 | | $ 4.3 | | $ 2,574 | | 8.39% | | 10.50% | | 40/60 | 171,944 |
| Mid-Tex Environs SOI/GRIP (GUD 10742) | | 1/1/19 | 2/28/19 | $ (2.7) | $ 2.4 | $ 2,573 | $ 2,976 | 7.97% | 7.97% | 9.80% | 9.80% | 40/60 | 40/60 | 67,473 |
| West Texas Division SOI | | 4/1/14 | | $ 8.4 | | $ 324 | | 2 | | 2 | | 2 | | NA |
| WTX Cities RRM | | 10/1/18 | 4/1/19 | $ 2.8 | $ 6.2 | $ 506 | $ 592 | 7.87% | 7.90% | 9.80% | 9.80% | 42/58 | 40/60 | 144,392 |
| WTX ALDC GRIP | 3,4 | 5/1/19 | | $ 5.7 | | $ 595 | | 8.57% | | 10.50% | | 48/52 | | 147,404 |
| WTX Environs SOI/GRIP (GUI 10743) | | 1/1/19 | 2/28/19 | $ (0.8) | $ 1.0 | $ 507 | $ 593 | 7.97% | 7.97% | 9.80% | 9.80% | 40/60 | 40/60 | 24,288 |
| Louisiana-LGS (U-34424) | | 7/1/18 | 3/29/19 | $ (1.5) | $ 7.1 | $ 419 | $ 469 | 7.55% | 7.79% | 9.80% | 9.80% | 44/56 | 42/58 | 287,040 |
| Louisiana-Trans La (U-35106) | | 4/1/19 | | $ 4.7 | | $ 193 | | 7.81% | | 9.80% | | 41/59 | | 77,000 |
| Mississippi SRF (2005-UN-0503) | | 10/23/18 | | $ (0.1) | | $ 416 | | 7.81% | | 10.24% | | 45/55 | | 269,248 |

*(See Next Page for Footnote Explanations)*

# Regulatory Summary *(continued)*

| Jurisdictions | | Effective Date of Last Rate Action | Date of Last Rate Filing (Pending) | Authorized Operating Income $ millions | Requested Operating Income $ millions | Rate Base $ millions (1) | Requested Rate Base $ millions | Authorized Rate of Return (1) | Requested Rate of Return | Authorized Return on Equity (1) | Requested Return on Equity | Authorized Debt/ Equity Ratio | Requested Debt/ Equity Ratio | Meters at 3/31/19 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Mississippi SIR (2015-UN-049) | | 10/23/18 | 3/1/19 | $ 7.1 | $ 8.4 | $ 126 | $ 187 | 7.81% | 7.84% | 10.24% | 10.24% | 45/55 | 40/60 | NA |
| Kentucky (2018-00281) | | 5/7/19 | | $ 3.5 | | $ 425 | | 7.49% | | 9.65% | | 42/58 | | 183,916 |
| Tennessee ARM (19-00067) | | 10/15/18 | 2/1/19 | $ (5.0) | $ 3.2 | $ 352 | $ 389 | 7.26% | 7.79% | 9.80% | 9.80% | 49/51 | 42/58 | 152,733 |
| Kansas GSRS (18-ATMG-218-TAR) | | 4/23/19 | | $ 1.6 | | $ 26 | | 9.54% | | 2 | | 2 | | 136,525 |
| Colorado (17AL-0429G) | | 5/3/18 | | $ (0.2) | | $ 135 | | 7.55% | | 9.45% | | 44/56 | | 121,192 |
| Colorado SSIR (18AL-0770G) | | 1/1/19 | | $ 2.1 | | $ 40 | | 7.55% | | 9.45% | | 44/56 | | NA |
| Colorado GIS (18A-0765G) | | | 11/1/18 | | $ 0.1 | | $ 0.6 | | 7.55% | | 9.45% | | 44/56 | NA |
| Virginia (PUE-2018-00014) | | 3/11/19 | | $(0.4) | | $ 48 | | 7.43% | | 9.20% | | 42/58 | | 24,474 |

*1. Rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.*
*2. A rate base, rate of return, return on equity or debt/equity ratio was not included in the final decision.*
*3. GRIP filings are based on existing returns and the change in net utility plant investment.*
*4. Includes the cities of Amarillo, Lubbock, Dalhart and Channing.*

*Other: Annual Rate Filing Mechanisms allowed in Mid-Tex Cities RRM, Mid-Tex Dallas DARR, West Texas Cities RRM, Louisiana, Mississippi and Tennessee; Bad Debt Rider allowed in all jurisdictions except Colorado, Louisiana and Mississippi; WNA allowed in all jurisdictions except Colorado.*