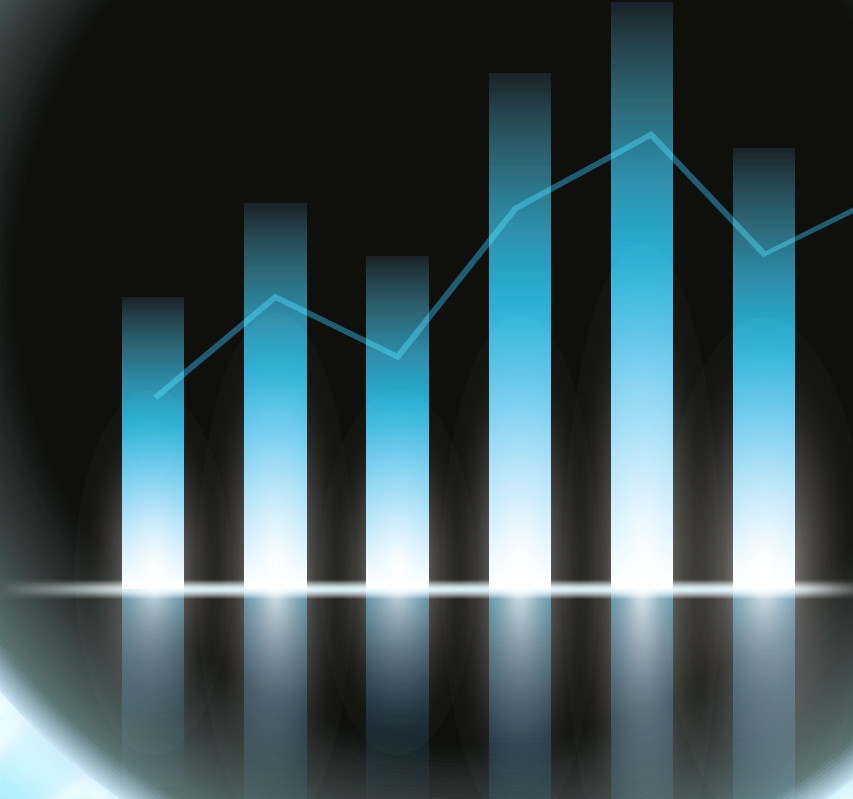


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CERTIFIED PUBLIC ACCOUNTANTS | ADVISORS
BEYOND THE NUMBERS

2019 PROPANE INDUSTRY SURVEY RESULTS



Gray, Gray & Gray Propane Industry Survey Results 2019

In what region is your company based?

67% - East
20% - Mid-Atlantic
10% - Midwest
3% - West

In how many states do you do business? 2

In what year was your business founded? 1965 (avg. 53 years)

In what year did you enter the propane business? 1990
(avg. 29 years)

Are you a family-owned business? 90% - Yes 10% - No

If "Yes," how many generations? 3 generations (avg.)

What percent of your drivers are employed year round? 67%

What percent of your drivers make up your total work force during the peak season? 27%

What percent of your technicians are employed year round? 91%

What percent of your service technicians make up your total work force during the peak season? 27%

What is the average HOURLY rate you pay:

Delivery Drivers \$22.87 per hour
Transport Drivers \$24.16 per hour
Dispatchers \$26.16 per hour
Customer Service Representatives \$19.74 per hour
Accounts Payable/Receivable staff \$21.00 per hour
Service Technicians \$25.98 per hour
Service Manager \$31.75 per hour
General Manager \$44.98 per hour
Operations Manager \$36.88 per hour
Office Manager \$29.44 per hour
Sales Manager \$30.57 per hour

Does your company have a sales team? 57% - Yes 43% - No

If "yes", number of sales people: 3 (avg.)

How do you compensate Sales People?

31% - Straight salary (avg. amount: \$54,000)
31% - Salary plus commission (avg. annual salary in total: \$61,000)
11% - Commission only (avg. percentage: 17%)
21% - Other (incentives, bonuses, etc.) (avg. amount: \$4,000)

Are you considering any of the following (check all applicable):

53% - Acquiring a company
21% - Selling your company
26% - Transitioning to the next generation
26% - Conducting a business valuation
0% - Refinancing
0% - Converting to S Corporation
42% - Retirement

What is your breakdown of propane customers?

Residential 86%
Commercial 14%

What percentage of aboveground customer propane tanks do you own? 73%

What percentage of underground customer propane tanks do you own? 60%

Do you charge annual rental fees for customer propane tanks?

72% - Yes 28% - No

If "yes," how much do you charge: \$69.00 (avg.)

Do you charge an installation fee for propane tanks? 59% - Yes 41% - No

If "yes," how much do you charge: \$163.00 (avg.)

Do you charge a minimal use fee for propane tanks? 61% - Yes 39% - No

If "yes," please specify fee: 14%: Fee varies by tank size
29%: \$50-\$79 annual fee

Do you charge a permit fee for propane tanks? 63% - Yes 37% - No

If "yes," how much do you charge: Fees vary by town

Do you charge a delivery fee to customers? 25% - Yes 75% - No

If "yes," how much do you charge: \$5.97 (avg.)

Do you charge a hazardous material fee to customers? 26% - Yes 74% - No

If "yes," how much do you charge: \$8.36 (avg.)

Do you charge other fees for propane tanks? 9% - Yes 91% - No

Do most of your customers have a multi-year contract on propane tanks?

For Aboveground Tanks: 18% - Yes 82% - No
For Underground Tanks: 36% - Yes 64% - No

If yes, how many years: 5 years (avg.)

How much do you spend annually on the purchase of propane tanks? \$195,056

What percentage of your annual spend on propane tanks is financed? 22%

How far, on average, do you travel to pick up propane product? 60.3 miles

How many gallons of propane did you sell during the heating season that just ended?

Residential Propane: 2,186,286
Commercial Propane: 616,243

What percentage of your propane gallons sold between 4/1/18 and 3/31/19 comprise the following:

Heating: 82%
Commercial Heating: 18%
Grills: 2%
Pool Heaters: 4%
Autogas: 2%
Agriculture: 6%
Home Use (cooking, laundry): 10%
Other: 19%

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What was your average TARGETED margin on the following for gallons sold between 4/1/18 and 3/31/19:

Residential Heating:	\$1.28 cents per gallon
Commerical Heating:	\$0.65 cents per gallon
Grills:	\$2.71 cents per gallon
Pool Heaters:	\$1.52 cents per gallon
Autogas:	\$0.63 cents per gallon
Agriculture:	\$0.37 cents per gallon
Home Use (cooking, laundry):	\$2.58 cents per gallon
Other:	\$1.05 cents per gallon

Do you sell any other fuel or energy products (check all that apply):

- 52% - Heating Oil
- 35% - Kerosene
- 26% - Gasoline
- 0% - Electricity

Which of the following do you offer to new RETAIL customers?

- 85% - Fixed pricing
- 60% - Price cap
- 100% - Budget plan
- 60% - Service contracts
- 10% - Free propane for new customers
- 10% - Free service for new customers
- 40% - Introductory pricing for new customers
- 65% - Prompt pay discount
- 25% - Temperature monitoring
- 80% - Tank monitoring system
- 85% - Tank protection plans
- 70% - Equipment service
- 80% - Heating system service
- 65% - Heating system installation
- 25% - Other (incl. generators, air conditioners, plumbing)

What type of liability insurance do you carry?

- 95% - Commercial liability
- 5% - We are part of a captive insurance program
- 0% - No liability insurance

What do you spend annually on liability insurance? \$158,538

What is your average RESIDENTIAL fill (gallons delivered per stop)? 155 gallons

What is the average renewal price you charge for a service contract on heating equipment? \$293

How many PAID service contracts do you have? 593

What is the average HOURLY labor rate you charge for service?

Residential Service:	\$109.50 per hour
Commercial Service:	\$102.74 per hour

How many total service calls were made last year? 3,038

Do you require customers to have a multi-year contract with your company?

16% - Yes 84% - No

If yes, what is the average term of the contract: 3 years (avg.)

Have you acquired another company in the past three years?

- 11% - Yes-Retained gallons
- 11% - Yes-Cash at closing
- 78% - No

How are you trying to grow your gallons organically?

- 33% - Conversions from other fuels
- 11% - Outdoor living (pool heaters, gas grills, etc.)
- 11% - Marketing
- 6% - Builders/contractors
- 11% - Good service
- 6% - Competitive pricing
- 16% - Water heaters
- 6% - Fireplaces

Please provide percentages for the following sources of new customers (answers should total 100%).

- 35% - Sales team
- 36% - Customer referrals
- 20% - Traditional marketing (print, radio, TV, direct mail, etc.)
- 28% - Digital marketing (email, social media, website, etc.)
- 5% - Real estate agents
- 8% - Other

What computer software do you use to run your business?

Industry software:

- 39% - Blue Cow
- 17% - Rural Computer (RCC)
- 11% - Taurus
- 6% - ADDS
- 6% - Cargas
- 24% - Other

Accounting software:

- 58% - QuickBooks
- 14% - Great Plains
- 28% - Other

What is the total number of vehicles in your fleet? 42

Please indicate how many of each of the following types of vehicles are in your fleet:

- 10 - Bobtails
- 10 - Service vehicles
- 5 - Transports
- 17 - Other

Do any of your fleet vehicles currently operate on propane autogas?

53% - Yes 47% - No

How many fleet vehicles operate on propane autogas? 4

Will you consider operating your fleet vehicles on propane autogas in the future?

47% - Yes 11% - No 42% - Unsure

Gray, Gray & Gray is the nation's premier accounting firm for the energy industry. No other accounting or consulting firm has such intimate experience and expertise in the field. We serve the tax, accounting and business management needs of some of the leading propane dealers in the country.

More than any other accounting firm, the name Gray, Gray & Gray is solidly linked to success in the propane business. What can we deliver to you that your current accountant is missing?

Among our exclusive services for the energy industry are:

- **Propane Survey** – Annual “snapshot” of the industry to assist energy companies with benchmarking and strategic business planning
- **FuelExchange™** – Merger & acquisition service for the propane and oilheat industry
- **Accounting Systems** – Enterprise and cloud-based accounting and financial management systems
- **Business Planning** – Formulate business plans and advise on key management decisions
- **Succession Planning** – Assistance with generational transfer or business sale
- **Valuations** – Industry-specific calculations of business value
- **GrayPay™** – Bill paying service

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