Analysts Call to Review Fiscal 2018 First Quarter Financial Results

February 7, 2018

8:00 a.m. Eastern

Consolidated Financial Results – Fiscal 2018 Q1

Q1 Fiscal 2018 Net Income versus Q1 Fiscal 2017 Net Income

	Q1 Fiscal 2018		Q1 Fiscal 2017	
	(in $mm)	EPS[2]	(in $mm)	EPS[2]
Segment Net Income				
Distribution	$ 249		$ 85	
Pipeline & Storage	65		29	
Natural Gas Marketing	----		11	
Net Income	$ 314	$2.89	$ 125	$1.19
(Less) Discontinued Operations	-----	----	(11)	($0.11)
Net Income from Continuing Operations	**$ 314**	**$2.89**	**$ 114**	**$1.08**
One-time Non-Cash Income Tax Benefit from Tax Reform	162	1.49	----	----
Adjusted Net Income from Continuing Operations[1]	**$ 152**	**$1.40**	**$ 114**	**$1.08**

[1] Adjusted Net Income and diluted EPS from Continuing Operations are non-GAAP measures defined as Net Income and diluted EPS from Continuing Operations 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.

Segment Financial Results – Fiscal 2018 Q1

Distribution

($ millions)	Quarter Ended 12/31 2017	2016	Change
Gross Profit	$ 397.0	$ 359.3	$ 37.7
Operating Expenses			
Operation & Maintenance	103.7	92.7	11.0
Depreciation & Amortization	65.4	61.2	4.2
Taxes, other than Income	55.1	50.5	4.6
Operating Income	$ 172.8	$ 154.9	$ 17.9

Key Drivers

- **$37.7M gross profit increase:**
  - **$25.6M net increase in rates, primarily in Texas, Mississippi and Kentucky/Mid-States Divisions**
  - **$5.7M increase in net consumption primarily due to 20% colder weather**
  - **$2.3M increase in revenue-related taxes (partially offset below)**
  - **$1.9M increase from customer growth primarily in Mid-Tex and Kentucky/Mid-States Divisions**
  - **$1.6M increase in transportation revenue**
- **$11.0M increase in O&M due to higher system maintenance and employee related cost.**
- **$4.2M increase in D&A due to increased capital investments**
- **$4.6M increase in other taxes:**
  - **$2.3M increase in revenue-related tax expense (see above)**
  - **$1.8M increase in ad valorem taxes due to increased capital investments**

Segment Financial Results – Fiscal 2018 Q1

Pipeline & Storage

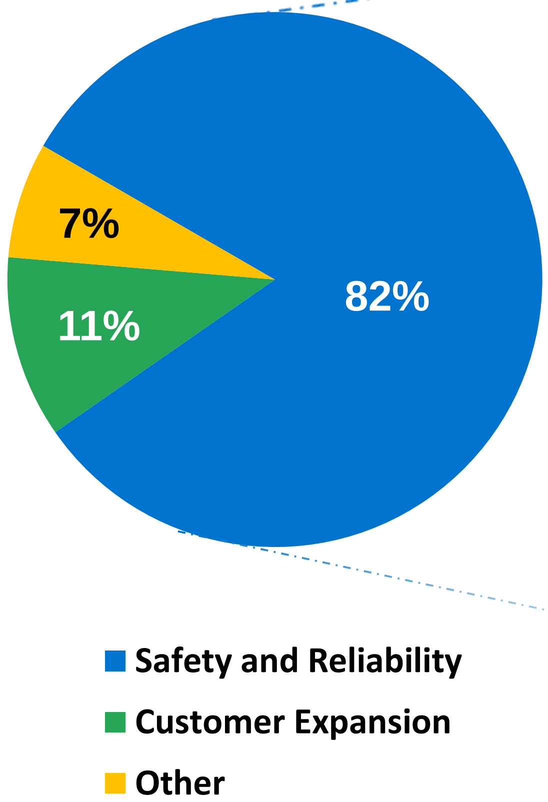
($ millions)	Quarter Ended 12/31 2017	2016	Change
Gross Profit	$ 125.6	$ 109.6	$ 16.0
Operating Expenses			
Operation & Maintenance	26.2	32.3	(6.1)
Depreciation & Amortization	22.9	15.8	7.1
Taxes, other than Income	7.7	6.5	1.2
Operating Income	$ 68.8	$ 55.0	$ 13.8

Key Drivers

- **$16.0M increase in gross profit primarily due to a $13.9M increase in rates from the recent rate case and the GRIP filing approved in December.**
- **$6.1M decrease in O&M expense primarily due to the timing of planned pipeline maintenance activities**
- **$7.1M increase in D&A due to increased capital investments**

Capital Spending Mix

Safety & Reliability Investments Enable Modernization of Infrastructure

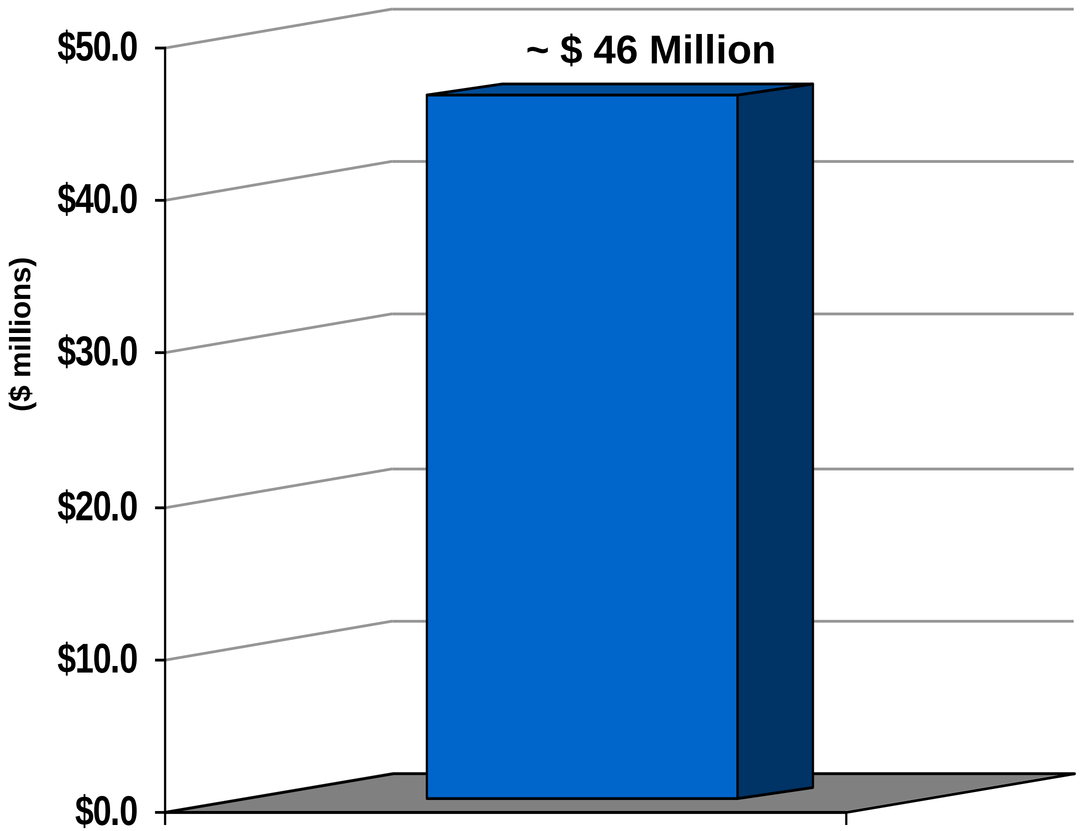


$ millions	FISCAL 2018 1Q CAPEX
$ 160	Repair and replace transmission and distribution pipelines
$ 35	Service line replacement
$ 35	Install & replace measurement & regulating equipment
$ 34	Fortification
$ 29	Pipeline integrity management projects
$ 22	Enhance storage and compression capabilities
$ 315	Total Safety and Reliability Spending
$ 383	**Total Capital Spending**

As of February 6, 2018

Key Regulatory Developments - Fiscal 2018

Annualized Increases from Implemented Rate Activity



Key Rate Activity
Fiscal 2018 YTD

- **$29.0M - APT GRIP**
- **$ 8.9M - Mississippi SRF/SGR/SIR**
- **$ 5.6M – Kentucky PRP**
- **$ 2.2M - Colorado SSIR**

As of February 6, 2018

Key Regulatory Developments - Fiscal 2018

- **Colorado:** *Approved* System Safety and Integrity Rider (SSIR) January 1, 2018, approving a net increase in annual operating income of $2.2 million
  - Authorized ROE of 9.60 percent; overall return of 7.82 percent
  - Authorized capital structure: 48 percent debt / 52 percent equity
  - Rate base value: $29.9 million
  - Serves about 111,000 customers
  - Test year ended December 31, 2018

- **Louisiana – TransLa:** *Filed* annual Rate Stabilization Clause (RSC) on December 22, 2017, requesting a net increase in annual operating income of $1.2 million
  - Authorized ROE of 9.80 percent; requested overall return of 7.26 percent
  - Requested capital structure: 49 percent debt / 51 percent equity
  - Requested rate base: $169 million
  - Serves about 73,000 customers
  - Test year ended September 30, 2017

As of February 6, 2018

Key Regulatory Developments - Fiscal 2018

- **Mississippi:** *Approved* on December 5, 2017
  - Annual Supplemental Growth Rider (SGR)
    - Annual increase in annual operating income of $1.2 million
    - Authorized ROE of 12.0 percent; authorized overall return of 8.7 percent
    - Authorized actual capital structure: 47.5 percent debt / 52.5 percent equity
    - Authorized rate base: $23.7 million
  - Annual System Integrity Rider (SIR) & Annual Stable Rate Filing (SRF)
    - Annual increase for SIR of $7.7 million, no increase for SRF
    - SIR authorized rate base $70.1 million, SRF authorized rate base $378 million
    - Authorized ROE of 9.92 percent; authorized overall return of 7.60 percent
    - Authorized actual capital structure: 47.5 percent debt / 52.5 percent equity
  - SGR, SIR, and SRF
    - Serve about 248,000 customers
    - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2017 - October 2018
  - New regulatory Framework approved on December 5, 2017
    - Summary on Slide 9

Key Regulatory Developments –Fiscal 2018

New Mississippi Regulatory Framework

	Existing			New	
Attributes	SGR	SIR	SRF	SIR	SRF
Authorized ROE	12.00%	9.92%	9.92%	9.92%	9.92%
Authorized ROR	8.70%	7.60%	7.60%	7.60%	7.60%
Authorized Cap Structure Debt/Equity	47 / 53	47 / 53	47 / 53	Actual period-end cap structure	
Rate Base ($mm) (1) (2)	$23.7	$70.1	$378.0	$48.8	$407.3
Test Period	Nov 1, 2017 – Oct 31, 2018			Filing moved to 3/1 with rates effective 11/1	Filing moved to 7/1 with rates effective 11/1
Forward - Looking Components (PP&E, accum. depreciation, accum. deferred income tax, depreciation & ad valorem tax)	Currently apply			Continue to apply	

(1) SGR rate base will be combined into the SRF

(2) Future SRF to include up to $5MM/year for new industrial projects and up to $5MM/year for new rural infrastructure

Key Regulatory Developments - Fiscal 2018

- **Atmos Pipeline-Texas:** *Approved* 2016 Gas Reliability Infrastructure Program (GRIP) on December 5, 2017, receiving an annual operating income increase of $29.0 million.
  - Based on return, depreciation and changes in taxes related to net investment change of $169.0 million from October 1, 2016 to December 31, 2016
  - Authorized capital structure: 47.4 percent debt / 52.6 percent equity
  - Authorized ROE: 11.50 percent
  - Authorized ROR: 8.87 percent
  - Approved rate base: $1.89 billion

- **Kentucky Rate Filing:** *Filed* rate case on September 28, 2017, requesting an increase in annual operating income of $4.8 million
  - Requested ROE of 10.30 percent; Requested ROR of 7.73 percent
  - Requested capital structure: 47 percent debt / 53 percent equity
  - Requested rate base: $430 million
  - Serves about 176,000 customers
  - Forward-looking test year ending March 2019

Key Regulatory Developments - Fiscal 2018

- **Mid-Tex Cities:** *Filed* Statement of Intent with the City of Dallas on August 18, 2017, requesting a net increase in annual operating income of $2.2 million
  - In response to a "show cause" order filed by the City of Dallas on June 14, 2017
  - Requested ROE of 10.50 percent; requested overall return of 8.15 percent
  - Requested capital structure: 44 percent debt / 56 percent equity
  - Requested system-wide rate base: $2.5 billion
  - Serves about 225,000 customers
  - Test year ended March 31, 2017

- **Kentucky PRP Rate Filing:** *Approved* annual Pipe Replacement Program (PRP) filing on October 27, 2017, authorizing an annual operating increase of $5.6 million
  - Authorized ROE of 9.80 percent; Authorized ROR of 7.71 percent
  - Authorized capital structure: 51 percent debt / 49 percent equity
  - Authorized rate base: $80.6 million
  - Serves about 177,000 customers
  - Forward-looking test year ending September 2018

Key Regulatory Developments - Fiscal 2018

- **Colorado:** *Filed* rate case June 26, 2017, requesting a net increase in annual operating income of $2.9 million
  - Requested ROE of 10.5 percent; overall return of 8.14 percent
  - Requested capital structure: 44 percent debt / 56 percent equity
  - Requested rate base: $140.9 million
  - Requested 5-year extension of the System Safety and Integrity Rider (SSIR) through 2023 (forward-looking, true-up, risk-based focused initially on specific materials)
  - Serves about 116,000 customers
  - Test year ended March 2017

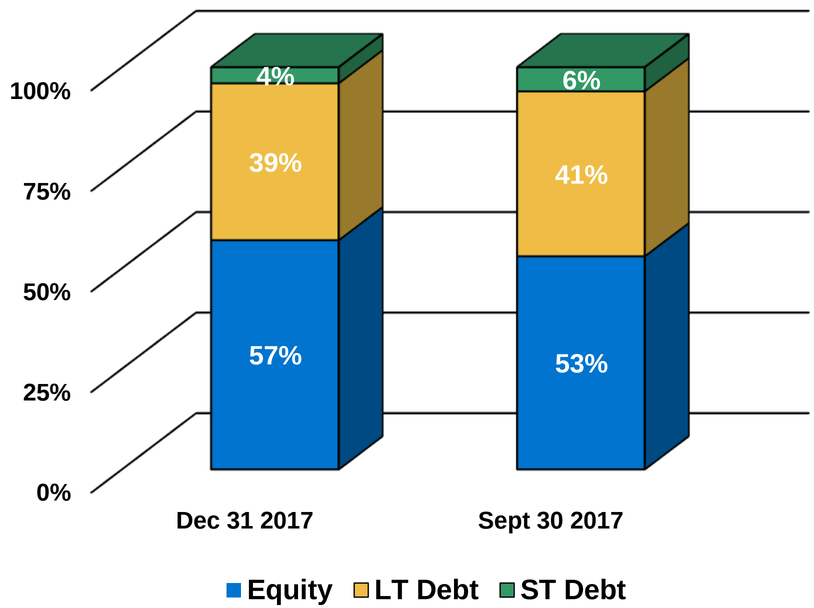
Tax Reform Regulatory Actions – Fiscal 2018

- **Colorado, Kansas, Kentucky, Tennessee and Virginia** have issued accounting orders which require us to establish effective January 1, 2018, a separate regulatory liability for the difference in taxes included in our rates.
- **Texas** – On January 23rd, the Texas Railroad Commission directed Commission staff to develop recommendations to ensure that gas utility customers receive any tax savings beginning January 1, 2018.
- **Mississippi** – On January 26th, MPSC issued an order for the utilities to file a plan within 30 days regarding how to incorporate tax savings into their rates.
- **Louisiana** – On January 31st, the LPSC directed utilities to file reports on February 14, 2018, regarding savings for ratepayers as a result of the new federal tax laws. The LPSC is also considering an accounting order and a rule making docket to address the TCJA.

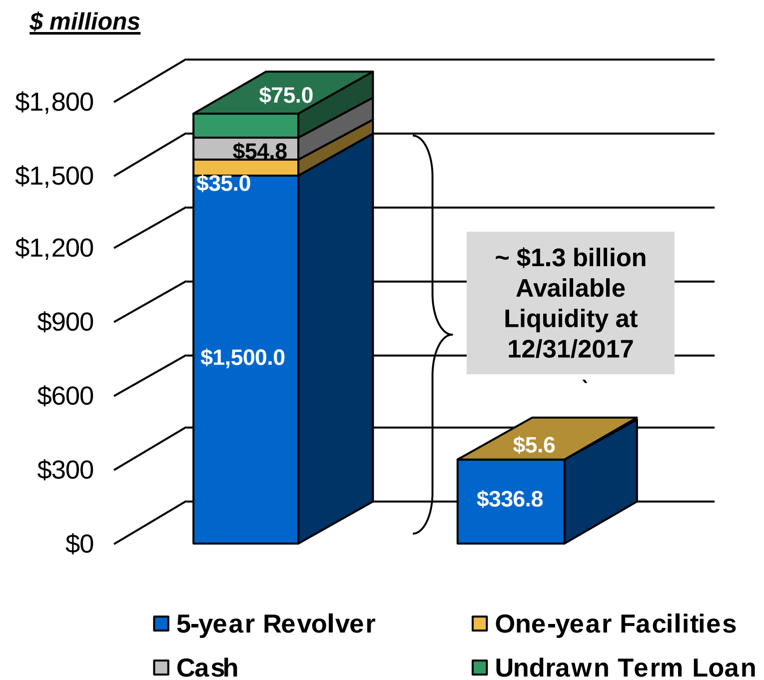
Strong Financial Foundation

Capitalization and Liquidity Profile

Total Capitalization at December 31, 2017



Liquidity Profile as of December 31, 2017



As of February 6, 2018

Consolidated Earnings Guidance – Fiscal 2018E

Atmos Energy expects 2018 fiscal year earnings from continuing operations to be in the updated range of $3.85 to $4.05 per diluted share

Earnings from Continuing Operations

($ millions, except EPS)	**Fiscal 2018E[1]**	
Distribution	**$**	**285 – 300**
Pipeline & Storage	**$**	**135 – 150**
Net Income	**$**	**420 – 450**
Avg. Diluted Shares		**110 – 111**
Earnings Per Share [2]	**$**	**3.85 – 4.05**

Selected Expenses from Continuing Operations

($ millions)	**Fiscal 2018E[1]**	
Operations & Maintenance Expense	**$**	**535 – 565**
Depreciation & Amortization Expense	**$**	**350 – 370**
Interest Expense	**$**	**120 – 130**
Income Tax Expense [3]	**$**	**150 – 175**

[1] Expected results for fiscal 2018 are from continuing operations. Changes in events or circumstances that the Company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2018 significantly above or below this outlook

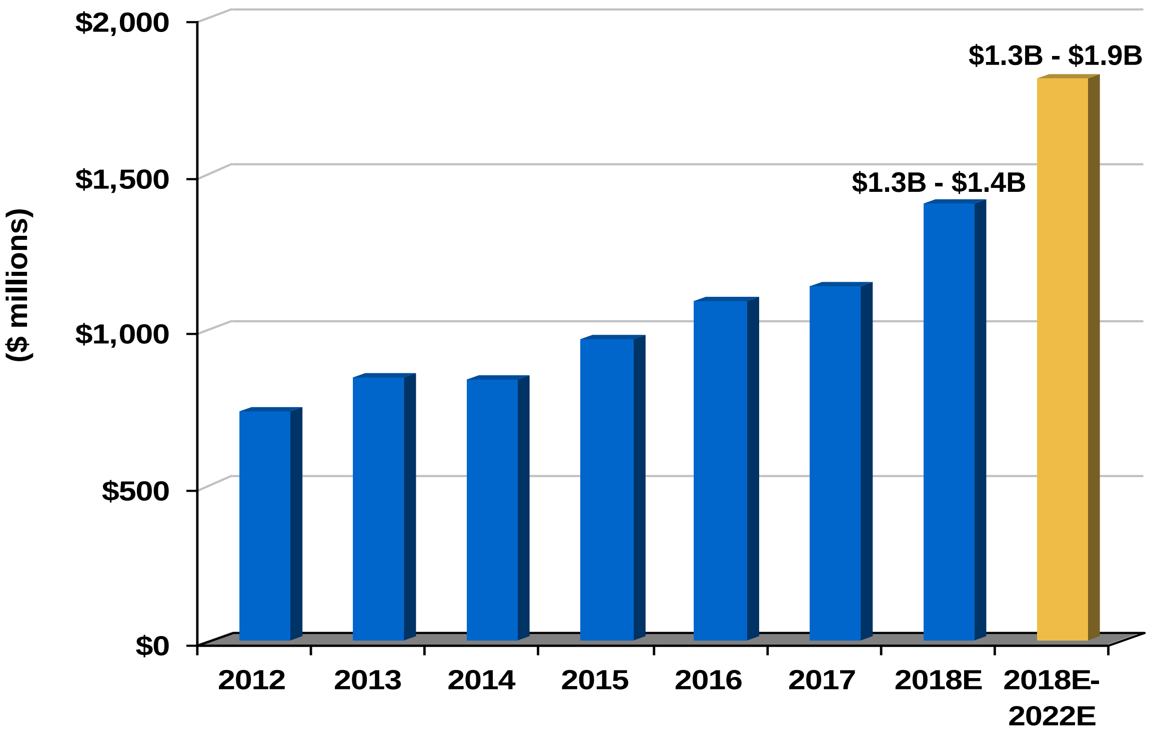
[2] Since Atmos Energy has non-vested share-based payments with a non-forfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement

[3] Effective Tax Rate is expected to be 26% to 28%, before the effect of the return of excess deferred tax liability and one-time income tax benefit

Capital Expenditures Drive Rate Base Growth

Consolidated 2018E Capital Expenditures of $1.3 billion - $1.4 billion

Over 95% of annual CAPEX begins to earn a return within 6 months from end of test year

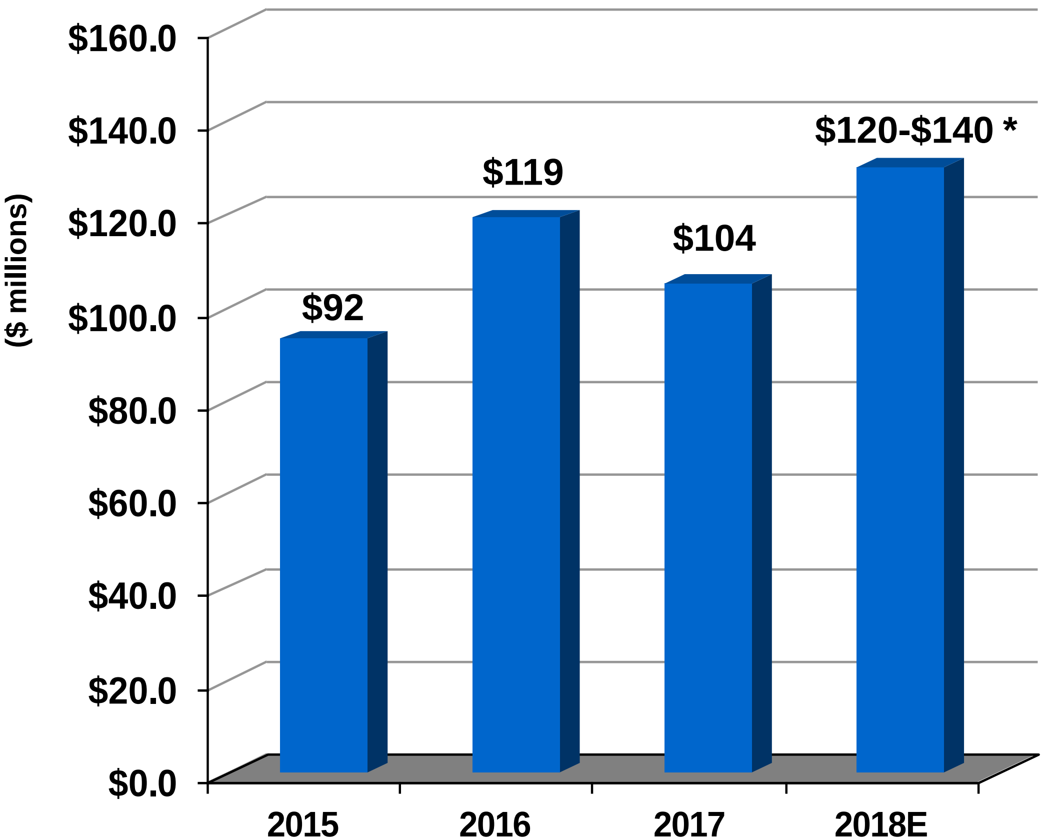


Fiscal 2018
Safety & Reliability ~$1.0B - $1.1B

- **System integrity**-replacement of pipe, leak repairs and cathodic protection
- **Pipeline integrity**-includes replacement of pipelines, installation of pigging facilities, and other state and federal integrity management compliance costs
- **Other system improvements**-system enhancements and AMI

Constructive Rate Outcomes Drive Operating Income Growth

Annualized Increases from Implemented Rate Activity



*** Excluding the Effect of Tax Reform***

- Customers and investors benefit from fair and reasonable regulation
- Earning on over 95% of annual CAPEX within 6 months of test year-end
- Distribution features*:*
  - 97% Weather normalization stabilizes rates and margins
  - 76% Bad Debt Recovery insulates margins from the commodity portion of bad debt expense

Key Regulatory Developments - Fiscal 2018E

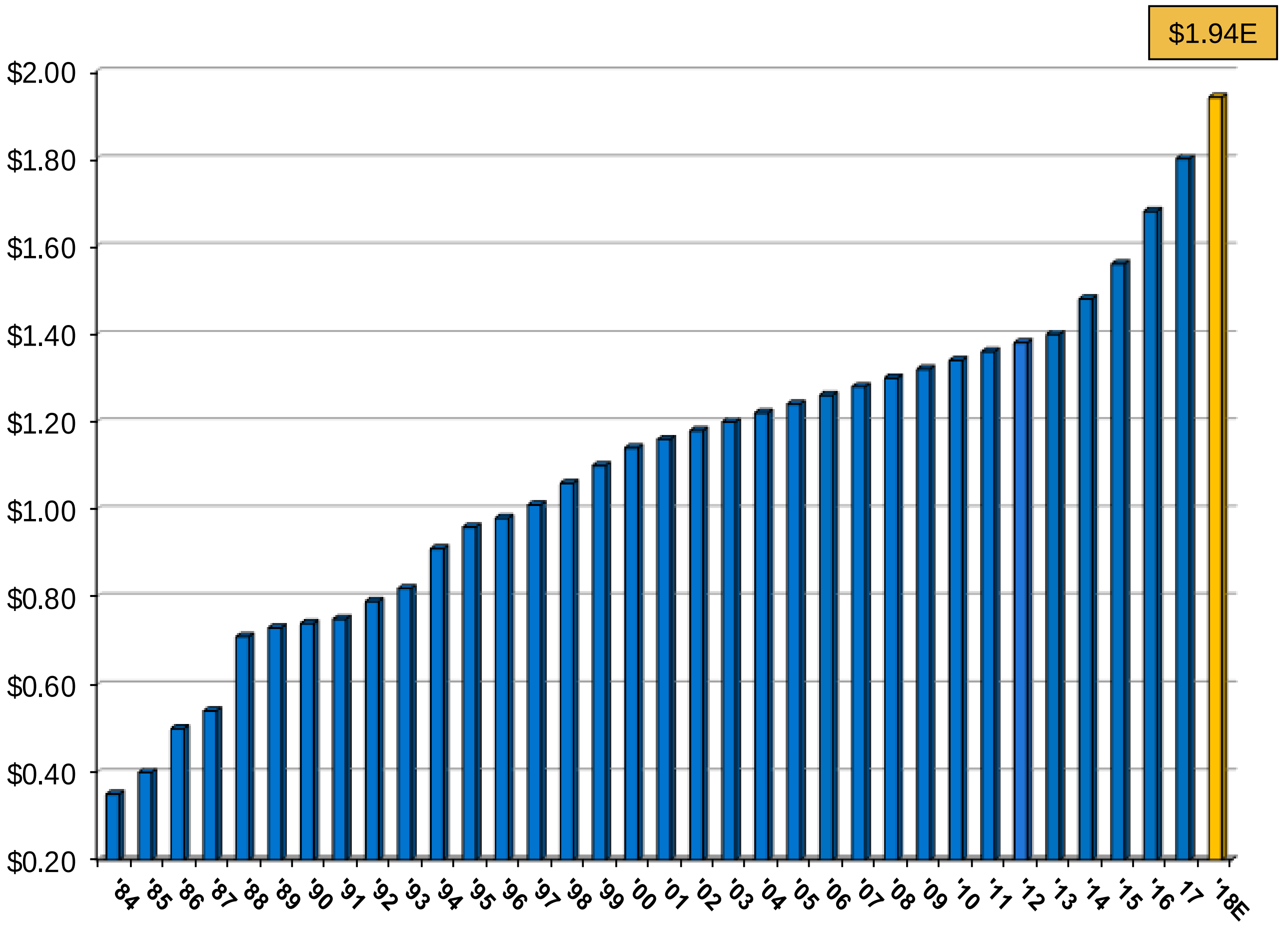
Rate Filing Outlook – Fiscal 2018E

Q1 October – December	Q2 January – March	Q3 April – June	Q4 July – September
Kansas – Filed $0.8 million Gas System Reliability Surcharge (GSRS) in November 2017; new rates anticipated Q2 fiscal 2018	Atmos Pipeline Texas (APT) – Anticipate filing 2017 GRIP request in February 2018; new rates anticipated Q3 fiscal 2018	Mississippi – Anticipate filing System Integrity Rider (SIR) in March 2018; new rates anticipated Q1 fiscal 2019	Kentucky – Anticipate Pipe Replacement Program (PRP) filing in August 2018 new rates anticipated Q1 fiscal 2019
Colorado – Approved $2.2 million System Safety and Integrity Rider (SSIR); new rates effective January 1, 2018	Tennessee – Anticipate filing annual mechanism in Spring 2018; new rates anticipated late fiscal 2018	Louisiana – Anticipate LGS annual Rate Stabilization Clause filing in April 2018; new rates anticipated Q4 fiscal 2018	Mississippi – Anticipate Stable Rate Filing (SRF) in July 2018; new rates anticipated Q1 fiscal 2019
Louisiana – Filed $1.2 million TransLa jurisdiction annual Rate Stabilization Clause filing in December 2017; new rates anticipated Q3 fiscal 2018	Mid-Tex Cities – Anticipate Rate Review Mechanism (RRM) filing in March 2018; new rates anticipated fiscal 2018		
	Texas Environs Customers – Anticipate filing GRIP in March 2018; new rates anticipated Q3 fiscal 2018		
	West Texas ALDC – Anticipate filing annual GRIP request in March 2018; new rates anticipated Q3 fiscal 2018		
	West Texas Cities – Anticipate Rate Review Mechanism (RRM) filing in March 2018; new rates anticipated fiscal 2018		

As of February 6, 2018

Consolidated Financial Results – Fiscal 2018E

34 Consecutive Years of Dividend Increases



Quarterly Dividend

- **On February 6, 2018, the Board of Directors declared a quarterly dividend of $0.485 per share**
- **137th consecutive quarterly dividend declared**
- **To be paid on March 12, 2018, to shareholders of record on February 26, 2018**
- **Indicated annual dividend increased 7.8% for fiscal 2018**
- **Targeted payout ratio of 50% - 55%**

Note: Amounts are adjusted for mergers and acquisitions.

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 our Annual Report on Form 10-K for the fiscal year ended September 30, 2017, and in our Quarterly Report on Form 10-Q for the three months ended December 31, 2017. 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 2018 and beyond that appear in this presentation are current as of February 6, 2018.

Appendix

Regulatory and Recovery Mechanisms

~ 95% of Annual CAPEX Begins to Earn a Return Within Six Months from End of Test Year

	Regulatory Mechanism		Recovery Method		Service Territory Detail			Capex
Jurisdiction	Infrastructure Program	Deferral/ Forward-Looking	Annual Filing	General Case	Meters (thousands) @ 12/31/17	Rate Base ($ millions)	Rate Base % of Total	F2018E ($ millions)
Texas								
▪ Mid-Tex	8.209	✓	RRM/DARR/ GRIP	-	1,681	2,363	35	465 - 485
▪ Pipeline	GRIP	-	GRIP *	-	NA	1,888	27	375 - 450
▪ West Texas	8.209	✓	RRM/GRIP	-	313	477	7	95 - 105
Louisiana	RSC	✓	RSC	-	361	542	8	100 - 110
Mississippi	SIR	✓	SRF/SGR/SIR	-	271	472	7	90 - 100
Kentucky	PRP	✓	PRP	✓	183	416	6	70 - 80
Tennessee	-	✓	ARM	-	149	303	4	50 - 60
Kansas	GSRS	-	GSRS	✓	136	207	3	15 - 20
Colorado	SSIR	✓	SSIR	✓	119	159	2	20 - 25
Virginia	-	-	-	✓	24	48	1	6 - 8

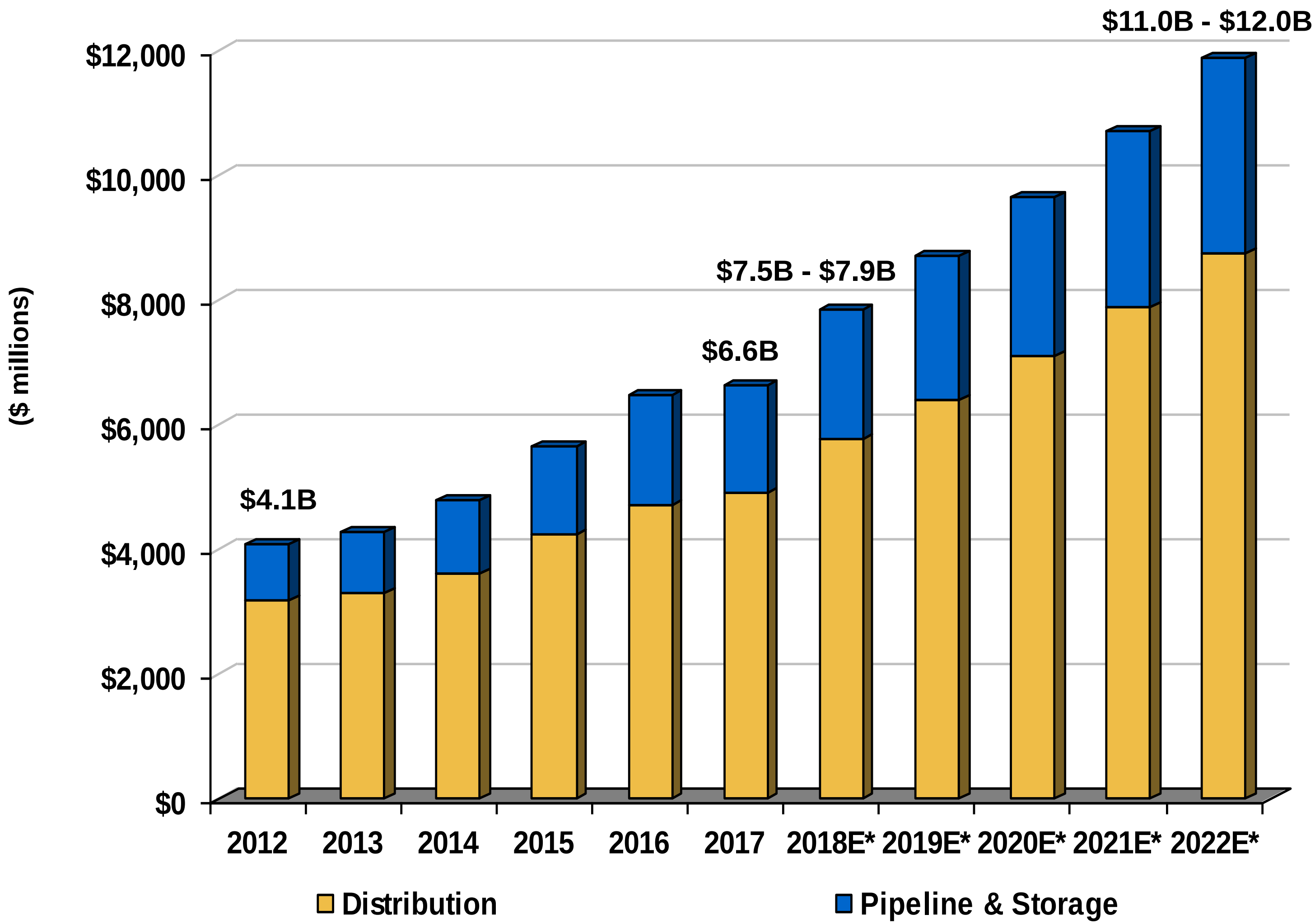
* Requires a rate case every 5 years

As of February 6, 2018

Capital Spending Drives Rate Base Growth

Strong Regulated Rate Base Growth

Focused on enhancing system safety and reliability



* Regulated rate base as estimated at the end of each fiscal year

As of February 6, 2018

Regulatory Activities

Jurisdictions		Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income $ millions	Requested Operating Income $ millions	Rate Base $ thousands (1)		Requested Rate Base $ thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 12/31/17
Atmos Pipeline-TX (GUD 10580)		8/1/17		$ 13.0		$1,767,600			8.87%		11.50%		47/53		NA
Atmos Pipeline-TX GRIP		12/5/17		$ 29.0		$1,888,492			8.87%		11.50%		47/53		NA
Mid-Tex - City of Dallas SOI			8/18/17		$ 2.2		3	$2,480,157		8.15%		10.50%		44/56	NA
Mid-Tex Cities 2016 RRM		6/1/17		$ 36.2		$2,362,937	3		8.36%		10.50%		45/55		1,391,275
Appealed Mid-Tex Dallas DARR (GUD 10640)		12/5/17		$ 9.2		$ 2,268,403	3		8.38%		10.10%		41/59		229,965
Mid-Tex Environs GRIP (GUD 10607)	5	5/23/17		$ 1.6		$ 2,204,407	3		8.57%		10.50%		48/52		59,666
West Texas Division SOI	4	4/1/14		$ 8.4		$ 324,264	3		2		2		2		312,617
West Texas Cities RRM		3/15/17		$ 4.3		2			2		10.50%		2		NA
WTX ALDC GRIP	5, 6	4/25/17		$ 4.7		$ 476,665	3		8.57%		10.50%		48/52		NA
WTX Environs GRIP (GUD 10608)	5	5/23/17		$ 0.9		$ 476,665	3		8.57%		10.50%		48/52		NA
Louisiana-LGS (U-34424)		9/20/17		$ 6.2		$ 385,435			7.43%		9.80%		47/53		284,131
Louisiana-Trans La (U-34714)		9/20/17	12/22/17	$ 4.4	$ 1.2	$ 156,200		$169,120	7.50%	7.26%	9.80%	9.8%	47/53	49/51	76,641

(See Next Page for Footnote Explanations)

Regulatory Activities *(continued)*

Jurisdictions		Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income $ millions	Requested Operating Income $ millions	Rate Base $ thousands (1)		Requested Rate Base $ thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 12/31/17
Mississippi SRF (2005-UN-0503)		12/5/17		$ 0.0		$ 377,954			7.60%		9.92%		47/53		270,848
Mississippi SGR (2013-UN-023)		12/5/17		$ 1.2		$ 23,718			8.70%		12.00%		47/53		NA
Mississippi SIR (2015-UN-049)		12/5/17		$ 7.7		$ 70,141			7.60%		9.92%		47/53		NA
Kentucky (2017-00349)		8/15/16	9/28/17	$ 2.7	$ 4.8	$ 335,833		$ 430,095	2	7.73%	2	10.30%	2	47/53	182,806
Kentucky PRP (2017-00308)		10/27/17		$ 5.6		$ 80,574			7.71%		9.80%		51/49		NA
Tennessee ARM (17-00012)		6/1/17		$ 6.7		$ 302,953			7.49%		9.80%		47/53		148,892
Kansas GSRS (18-ATMG-218-TAR)		2/9/17	11/21/17	$ 0.8	$ 0.8	$ 207,197		$ 6,154	2		2		2		135,907
Colorado (17AL-0429G)		1/1/16	6/26/17	$ 2.1	$ 2.9	$ 129,094		$ 140,938	7.82%	8.14%	9.60%	10.50%	48/52	44/56	119,154
Colorado SSIR (17AL-0728G)		1/1/18		$ 2.2		$ 29,855			7.82%		9.60%		48/52		NA
Virginia (PUE-2015-00119)		10/1/17		$ 0.3		$ 47,581			2		2		2		24,266

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 respective state commission's final decision.
3. Division rate base is represented on a 'system-wide' basis.
4. Parameters including Rate of Return, Return on Equity and Capital Structure were identified for GRIP filings.
5. GRIP filings are based on existing returns and the change in net utility plant investment.
6. 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.