

UNIVERSAL COMPRESSION HOLDINGS INC
Form 8-K
November 04, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 30, 2002

UNIVERSAL COMPRESSION HOLDINGS, INC. UNIVERSAL COMPRESSION, INC.

(Exact names of registrants as specified in their charters)

**Delaware
Texas**

**001-15843
333-48279**

**13-3989167
74-1282680**

(States or other jurisdictions
of incorporation)

(Commission file
numbers)

(IRS employer
identification nos.)

4440 Brittmoore Road, Houston, Texas

77041

(Address of principal executive offices)

(Zip code)

(713) 335-7000

(Registrants' telephone number,
including area code)

Item 5. Other Events and Regulation FD Disclosure.

On October 30, 2002, Universal Compression Holdings, Inc. (the "Company") issued a press release announcing earnings for its second fiscal quarter, ended September 30, 2002, of the 2003 fiscal year. A copy of the press release is filed herewith as Exhibit 99.1 and incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

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(c) Exhibits

Exhibit No.	Description
99.1	Press Release dated October 30, 2002

Item 9. Regulation FD Disclosure.

On Thursday morning, October 31, 2002, the Company broadcast a conference call live over the Internet to investors to discuss the results of its fiscal 2003 second quarter ended September 30, 2002, and other corporate matters. A transcript of the call will be archived through November 7, 2002 for those unable to listen to the live broadcast. To access the transcript, log on to www.universalcompression.com or www.prnewswire.com or call (402) 220-3571.

During the call, the Company discussed its revenue, earnings per share and EBITDA, as adjusted (as defined below), for the recent quarter, as well as horsepower utilization rates, profit margin information with respect to its various business segments and its fabrication backlog for the quarter. As of September 30, 2002, including its operating leases, the Company's debt to capitalization ratio was approximately 57%, including approximately \$709 million of operating leases. Total capital expenditures for the quarter were approximately \$33 million, of which \$7.2 million was for capitalized maintenance and approximately \$5 million was for expenditures related to the construction of its new office building.

The Company also indicated that selling, general and administrative expenses were higher for the fiscal 2003 second quarter as compared to the fiscal 2003 first quarter primarily due to severance expenses related to its cost reduction program and a higher miscellaneous service tax in Argentina related to the contract settlements from the fiscal 2003 first quarter. The Company indicated that it expects the cost reduction program to provide approximately \$3.5 million of annualized cost savings and that it anticipates a further cost reduction program during the current quarter that could provide an additional \$1 million in annualized cost savings. In addition, the Company indicated that it resolved all of its Argentina contract and currency issues related to the prior fiscal year.

The Company also discussed its preliminary expectations for the quarter ending December 31, 2002, including revenue of approximately \$167-175 million, EBITDA, as adjusted, of approximately \$50-52 million, depreciation expense of approximately \$15.5-16 million, operating lease expense of approximately \$15.5 million and net interest expense of approximately \$6 million. Earnings per share for the current quarter are expected to be around \$0.26 to \$0.28 on a diluted basis. The Company also indicated that it currently has a fabrication backlog of approximately \$92 million, including an international fabrication backlog of approximately \$51 million. In addition, the Company discussed its recent selection of a remote monitoring system to reduce repair and maintenance expenses, more efficiently deploy field personnel and increase runtime in its contract compression business segment. The Company anticipates that the remote operating system will increase operating expenses in the near term but should enhance overall efficiency in the longer term.

For the current fiscal year ending March 31, 2003, the Company discussed its expectations for revenue of approximately \$635-650 million, EBITDA, as adjusted, of approximately \$200-210 million, depreciation expense of approximately \$62 million, operating lease expense of approximately \$61-62 million and net interest expense of approximately \$22-23 million. The Company expects selling, general and administrative expenses to be approximately \$65-66 million and capital expenditures to be approximately \$130-140 million for the fiscal year ending March 31, 2003. Under current market

conditions, the Company expects earnings per share to be approximately \$1.15 to \$1.25 for the current fiscal year.

EBITDA, as adjusted, is defined as net income plus income taxes, interest expense, lease expense, depreciation and amortization, excluding non-recurring items and extraordinary gains or losses. EBITDA, as adjusted, represents a measure upon which the Company's management assesses financial performance, and financial covenants in the Company's current financing arrangements are tied to similar measures. The financial covenants in the Company's current financing arrangements permit the Company to exclude non-recurring items and extraordinary gains and losses from its calculation of EBITDA, as adjusted. EBITDA, as adjusted, is not a measure of financial performance under generally accepted accounting principles and should not be considered an alternative to operating income or net income as an indicator of the Company's operating performance or to net cash provided by operating activities as a measure of the Company's liquidity. Additionally, the EBITDA, as adjusted, computation used herein may not be comparable to other similarly titled measure of other companies.

The Company expects to release financial results for its current fiscal quarter ending December 31, 2002 in late January 2003.

Statements about the Company's outlook and all other statements in this Report other than historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements rely on a number of assumptions

