

UGI CORP /PA/

FORM 8-K (Current report filing)

Filed 01/28/09 for the Period Ending 01/28/09

Address	460 N GULPH RD P O BOX 858 KING OF PRUSSIA, PA 19406
Telephone	6103371000
CIK	0000884614
Symbol	UGI
SIC Code	4932 - Gas and Other Services Combined
Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

**UNITED STATES
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): January 28, 2009

UGI Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other Jurisdiction of
Incorporation)

1-11071

(Commission File Number)

23-2668356

(IRS Employer Identification No.)

460 No. Gulph Road, King of Prussia, Pennsylvania

(Address of Principal Executive Offices)

19406

(Zip Code)

Registrant's telephone number, including area code: **610 337-1000**

Not Applicable

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On January 28, 2009, UGI Corporation (the "Company") issued a press release announcing financial results for the Company for the fiscal quarter ended December 31, 2008. A copy of the press release is furnished as Exhibit 99 to this report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is being furnished herewith:

99 Press Release of UGI Corporation dated January 28, 2009, reporting its financial results for the fiscal quarter ended December 31, 2008.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UGI Corporation

January 28, 2009

By: *Robert W. Krick*

Name: Robert W. Krick

Title: Vice President and Treasurer

EXHIBIT INDEX

The Following Exhibit Is Furnished:

<u>EXHIBIT NO.</u>	<u>DESCRIPTION</u>
99	Press Release of UGI Corporation dated January 28, 2009.

Contact: 610-337-1000
Robert W. Krick, ext. 3645
Brenda A. Blake, ext. 3202

For Immediate Release:
January 28, 2009

UGI Reports First Quarter Results, Increases Guidance

VALLEY FORGE, Pa., January 28 — UGI Corporation (NYSE: UGI) today reported net income of \$114.9 million, or \$1.05 per diluted share, for the first quarter of fiscal 2009 ended December 31, 2008, compared to \$80.0 million, or \$0.74 per diluted share, for the first quarter of fiscal 2008. The recently-completed fiscal period results include an after-tax gain of \$10.4 million, or \$0.10 per diluted share, from the previously announced sale of AmeriGas's California propane storage terminal, which was completed in November.

Lon R. Greenberg, chairman and chief executive officer of UGI, said, "Higher unit margins driven by lower wholesale propane product costs, and colder weather, during this year's quarter contributed to significant increases in earnings at our propane distribution businesses. Our Gas Utility earnings benefited from the October 1 acquisition of Central Penn Gas and colder weather. The strong results of these three segments more than offset the lower earnings of our Energy Services and Electric Utility businesses during the quarter. Given our first quarter performance and our assessment of market conditions for the remainder of the fiscal year, we now expect to report earnings in the range of \$2.30 to \$2.40 per diluted share for fiscal 2009, including the \$0.10 gain from the terminal sale."

UGI's domestic propane distributor, AmeriGas Propane, contributed \$34.3 million to net income for the quarter including the gain from the terminal sale. AmeriGas's net income contribution in the prior year period was \$15.0 million. For the three months ended December 31, 2008, retail propane volumes sold were 278.2 million gallons, virtually unchanged from the prior year period. Weather was nearly normal during the quarter and 6.9% colder than in the prior-year period, according to the National Oceanic and Atmospheric Administration. The beneficial volume impacts of the colder weather and AmeriGas' acquisition of Penn Fuel Propane were more than offset by continued customer conservation and a decline in motor fuel and certain other commercial segments resulting from the deepening economic recession. Total margin increased \$39.7 million mainly due to the beneficial impact of higher retail unit margins resulting from a sharp decline in product costs during the quarter. Operating and administrative expenses increased to \$160.0 million from \$152.9 million in the prior year quarter due to higher bad debt and general insurance expenses and incremental expenses primarily from the Penn Fuel Propane acquisition. Operating income increased to \$144.7 million from \$74.0 million in the fiscal 2008 quarter, primarily reflecting the gain on the sale of the terminal and higher total margin partially offset by higher operating expenses.

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International Propane's net income increased to \$40.2 million during the current year period from \$22.4 million in the prior year. Temperatures across the Antargaz service territory were approximately 4.9% colder than normal but 1.3% warmer than the prior year period. Temperatures in Flaga's service territory for the quarter were warmer than normal and warmer than the prior year. Antargaz volume declined 2% from the prior year quarter to approximately 96.1 million retail gallons of liquefied petroleum gases (LPG) as a result of warmer weather and a weakening economy in France. Despite the lower volumes, International Propane operating income increased to \$64.1 million from \$39.1 million in the prior year period, primarily due to the beneficial impact of higher unit margins resulting from rapidly declining product costs in Europe. As previously reported, Antargaz was adversely affected by lower average unit margins in the prior year period as a result of the rapid increase in product cost which occurred in the prior year period.

Net income from Gas Utility increased to \$28.3 million from \$24.0 million in the first quarter of fiscal 2008. Weather was 7.1% colder than normal compared with temperatures that were 4.3% warmer than normal in the prior year quarter. Throughput in the Gas Utility increased to 44.0 billion cubic feet in the recently-completed quarter versus 39.5 billion cubic feet in the first quarter of fiscal 2008. The beneficial effects of additional throughput resulting from the October 1 acquisition of Central Penn Gas (CPG) and colder weather were partially offset by the effects of the economic recession on volumes sold and transported. Gas Utility total margin increased \$27.5 million to \$117.4 million primarily resulting from the CPG acquisition and higher total retail core-market volumes sold primarily due to colder weather. Operating expenses for the quarter increased from the prior year due to the impact of incremental expenses from the CPG acquisition and higher expenses related to bad debts, maintenance and environmental expenses. Operating income for the quarter increased \$6.8 million to \$56.9 million as the higher total margin was partially offset by the increase in expenses.

Net income from Electric Utility decreased to \$2.8 million during the recent quarter from \$4.0 million in the first quarter of fiscal 2008. Sales of 252.8 gigawatt-hours were slightly lower than the prior year period primarily due to lower sales to commercial and industrial customers as a result of the economic recession. Total margin decreased \$1.7 million due to higher purchased power and electricity transmission costs. Operating income decreased \$2.4 million to \$5.0 million, reflecting the lower total margin and higher operating expenses.

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Energy Services' first quarter net income was \$10.7 million compared with \$13.9 million for the same period of fiscal 2008. Total margin decreased \$1.5 million primarily due to lower total margin from electric generation due to production facility outages during a portion of the current year period and higher coal prices. Also contributing to the lower net income was an increase in operating costs due in large part to the production outages.

Separately, UGI announced that for the three-year period ended December 31, 2008, the compound annual total return on its common stock exceeded that of a substantial majority of companies in the S&P Utilities Index. As a result, employees who received performance-contingent unit awards in early 2006 in accordance with UGI's long-term compensation plan will receive a payout under the plan in common stock and will be deemed to have sold a portion of the stock to UGI for cash to pay income taxes. The appropriate disclosures on Form 4 have been filed with the Securities and Exchange Commission.

UGI is a holding company with propane marketing, utility and energy marketing subsidiaries. Through subsidiaries, UGI owns 44% of AmeriGas Partners, L. P. (NYSE: APU), the nation's largest retail propane marketer, and owns Antargaz, one of the largest LPG distributors in France.

UGI will host its first quarter FY 2009 earnings conference call on Wednesday, January 28, 2009, at 4:00 PM ET. Interested parties may listen to the audio webcast both live and in replay on the Internet at <http://investor.shareholder.com/ugi/events.cfm> or at the company website: www.ugicorp.com and click on Investor Relations. A telephonic replay will be available from 7:00 PM ET on Wednesday, January 28 through midnight Friday, January 30. The replay may be accessed at 1-888-203-1112, passcode 8177747 and International access 1-719-457-0820, passcode 8177747.

Comprehensive information about UGI Corporation is available on the Internet at <http://www.ugicorp.com> .

This press release contains certain forward-looking statements which management believes to be reasonable as of today's date only. Actual results may differ significantly because of risks and uncertainties that are difficult to predict and many of which are beyond management's control. Among them are adverse weather conditions, cost volatility and availability of all energy products, including propane, natural gas, electricity and fuel oil, increased customer conservation measures due to high energy prices, domestic and international political, regulatory and economic conditions including currency exchange rate fluctuations, particularly the euro. You should read UGI's Annual Report on Form 10-K for a more extensive list of factors that could affect results. UGI undertakes no obligation to release revisions to its forward-looking statements to reflect events or circumstances occurring after today.

UGI CORPORATION
REPORT OF EARNINGS
(Millions, except per share)
(Unaudited)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Revenues:				
AmeriGas Propane	\$ 727.1	\$ 748.2	\$ 2,794.1	\$ 2,409.0
International Propane	277.1	328.4	1,073.5	902.4
Gas Utility	410.4	326.7	1,222.0	1,097.2
Electric Utility	35.9	31.9	143.2	128.9
Energy Services	359.1	365.3	1,613.3	1,357.2
Corporate & Other, net (a)	(31.1)	(35.8)	(184.1)	(116.3)
Total revenues	<u>\$ 1,778.5</u>	<u>\$ 1,764.7</u>	<u>\$ 6,662.0</u>	<u>\$ 5,778.4</u>
Operating income:				
AmeriGas Propane	\$ 144.7	\$ 74.0	\$ 305.7	\$ 264.5
International Propane	64.1	39.1	131.8	100.5
Gas Utility	56.9	50.1	144.4	148.5
Electric Utility	5.0	7.4	22.0	27.2
Energy Services	18.2	23.7	71.8	65.9
Corporate & Other, net (a)	0.5	1.9	2.7	3.6
Total operating income	<u>289.4</u>	<u>196.2</u>	<u>678.4</u>	<u>610.2</u>
Loss from equity investees	(0.2)	(0.7)	(2.4)	(4.5)
Interest expense:				
AmeriGas Propane	(18.7)	(18.2)	(73.4)	(71.7)
International Propane	(6.8)	(7.0)	(29.5)	(26.1)
Gas Utility	(11.0)	(10.4)	(37.7)	(39.5)
Electric Utility	(0.4)	(0.5)	(1.9)	(2.2)
Corporate & Other, net (a)	(0.2)	—	(1.0)	(0.2)
Total interest expense	<u>(37.1)</u>	<u>(36.1)</u>	<u>(143.5)</u>	<u>(139.7)</u>
Income before income taxes and minority interests	252.1	159.4	532.5	466.0
Income taxes	(68.2)	(48.5)	(154.2)	(137.1)
Minority interests, principally in AmeriGas Partners	(69.0)	(30.9)	(127.9)	(106.5)
Net income	<u>\$ 114.9</u>	<u>\$ 80.0</u>	<u>\$ 250.4</u>	<u>\$ 222.4</u>
Earnings per share:				
Basic	<u>\$ 1.06</u>	<u>\$ 0.75</u>	<u>\$ 2.32</u>	<u>\$ 2.08</u>
Diluted	<u>\$ 1.05</u>	<u>\$ 0.74</u>	<u>\$ 2.30</u>	<u>\$ 2.06</u>
Average common shares outstanding:				
Basic	<u>108.224</u>	<u>106.981</u>	<u>107.703</u>	<u>106.711</u>
Diluted	<u>109.009</u>	<u>108.318</u>	<u>108.785</u>	<u>108.146</u>
Supplemental information:				
Net income (loss):				
AmeriGas Propane (b)	\$ 34.3	\$ 15.0	\$ 63.2	\$ 52.8
International Propane	40.2	22.4	70.1	49.0
Gas Utility	28.3	24.0	64.6	66.5
Electric Utility	2.8	4.0	11.9	14.5
Energy Services	10.7	13.9	42.1	39.4
Corporate & Other, net (a)	(1.4)	0.7	(1.5)	0.2
Total net income	<u>\$ 114.9</u>	<u>\$ 80.0</u>	<u>\$ 250.4</u>	<u>\$ 222.4</u>

(a) Corporate & Other includes the elimination of certain intercompany transactions.

(b) Amounts are net of minority interests principally in AmeriGas Partners, L.P.