
**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)
February 8, 2018

Commission File Number: 1-14222

SUBURBAN PROPANE PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

22-3410353
(IRS Employer
Identification No.)

240 Route 10 West
Whippany, New Jersey 07981
(973) 887-5300
(Registrant's Telephone Number, Including Area Code)

N/A
(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 (*see* General Instruction A.2. below):

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§ 230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§ 240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following information, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On February 8, 2018, the Partnership issued a press release (the “Press Release”) describing its Fiscal 2018 First Quarter Financial Results. A copy of the Press Release has been furnished as Exhibit 99.1 to this Current Report.

Within the Press Release, we reference net income before deducting interest expense, income taxes, depreciation and amortization (“EBITDA”) which is considered a non-GAAP financial measure. Additionally, we discuss EBITDA excluding the unrealized net gain or loss from mark-to-market activity for derivative instruments and certain other items (“Adjusted EBITDA”). Our calculations of EBITDA and Adjusted EBITDA are presented in the Press Release furnished as Exhibit 99.1 to this Current Report.

We provide these non-GAAP financial measures because we believe that they provide the investment community with supplemental measures of operating performance. In addition, we believe that these non-GAAP financial measures provide useful information to investors and industry analysts to evaluate our operating results.

We also reference gross margins, computed as revenues less cost of products sold as those amounts are reported on the consolidated financial statements. Since cost of products sold does not include depreciation and amortization expense, the gross margin we reference is considered a non-GAAP financial measure. Given the nature of our business, the level of profitability in the retail propane, fuel oil, and natural gas and electricity businesses is largely dependent on the difference between retail sales price and product cost. Therefore, we discuss gross margins in order to provide investors and industry analysts with useful information to facilitate their understanding of the impact of the commodity prices on profitability.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits.

99.1 [Press Release of Suburban Propane Partners, L.P. dated February 8, 2018, describing the Fiscal 2018 First Quarter Financial Results.](#)

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.

February 8, 2018

SUBURBAN PROPANE PARTNERS, L.P.

By: /s/ MICHAEL A. KUGLIN

Name: Michael A. Kuglin

Title: Chief Financial Officer & Chief Accounting Officer



News Release
Contact: Michael A. Kuglin
Chief Financial Officer & Chief Accounting Officer
P.O. Box 206, Whippany, NJ 07981-0206
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FOR IMMEDIATE RELEASE

Suburban Propane Partners, L.P. Announces First Quarter Earnings

Whippany, New Jersey, February 8, 2018 -- Suburban Propane Partners, L.P. (NYSE:SPH), a nationwide distributor of propane, fuel oil and related products and services, as well as a marketer of natural gas and electricity, today announced earnings for its first quarter ended December 30, 2017.

Net income for the first quarter of fiscal 2018 was \$37.2 million, or \$0.61 per Common Unit, compared to net income of \$34.5 million, or \$0.57 per Common Unit, in the prior year first quarter.

Net income and EBITDA for the first quarter of fiscal 2018 included a \$4.8 million loss from the sale of certain assets and operations in a non-strategic market of the propane segment. Excluding the effect of the foregoing item and unrealized (non-cash) mark-to-market adjustments on derivative instruments in both years, Adjusted EBITDA (as defined and reconciled below) increased \$8.9 million, or 10.6%, to \$93.2 million for the first quarter of fiscal 2018, compared to \$84.3 million in the prior year first quarter.

In announcing these results, President and Chief Executive Officer Michael A. Stivala said, "After back-to-back record warm winters, the fiscal 2018 heating season started off with closer to seasonally normal temperatures throughout the majority of our service territories which contributed to strong customer demand. Our operating platform, and the more than 3,200 employees of Suburban Propane, were well prepared to respond -- keeping focused on the safety and comfort of our customers, ensuring adequate supplies of product to meet the demand and effectively managing margins and expenses. As a result, we are very pleased to report an improvement of approximately \$9 million, or 11%, in Adjusted EBITDA for the first quarter of fiscal 2018 compared to the prior year first quarter."

Mr. Stivala continued, "The favorable weather pattern, particularly toward the end of the first quarter, and the positive momentum in customer demand trends have carried over into the early part of the fiscal 2018 second quarter. As we have stated in the past, our flexible business model is designed to help insulate the business from unseasonably warm weather, as well as to ramp up our activity levels in relation to an increase in weather-driven demand. Our people stand ready to deliver the highest quality service to our customers and the communities we serve, and I am extremely proud of their hard work and dedication to meet the challenges presented by a return to a more favorable weather pattern in several parts of our service territory."

Retail propane gallons sold in the first quarter of fiscal 2018 of 125.0 million gallons increased 5.4% compared to the prior year first quarter. Sales of fuel oil and other refined fuels of 9.1 million gallons in the first quarter of fiscal 2018 increased 1.2% compared to the prior year first quarter. According to the National Oceanic and Atmospheric Administration, average temperatures (as measured by heating degree days) across all of the Partnership's service territories for the first quarter of fiscal 2018 were 8% warmer than normal, yet 6% cooler than the prior year first quarter.

Revenues in the first quarter of fiscal 2018 of \$373.3 million increased \$56.0 million, or 17.6%, compared to the prior year first quarter, primarily due to higher volumes sold and higher average retail selling prices associated with higher average wholesale product costs. Average posted propane prices (basis Mont Belvieu, Texas) for the first quarter of fiscal 2018 were 63.7% higher than the prior year first quarter. Cost of products sold for the first quarter of fiscal 2018 of \$165.2 million increased \$47.0 million, or 39.8%, compared to \$118.2 million in the prior year first quarter, primarily due to higher volumes sold and higher wholesale product costs. Cost of products sold for the first quarter of fiscal 2018 included

a \$1.5 million unrealized (non-cash) loss attributable to the mark-to-market adjustment for derivative instruments used in risk management activities, compared to a \$0.5 million unrealized (non-cash) gain in the prior year first quarter. Excluding these unrealized gains and losses, propane unit margins for the first quarter of fiscal 2018 were flat compared to the prior year first quarter.

Combined operating and general and administrative expenses of \$116.4 million for the first quarter of fiscal 2018 increased \$2.0 million, or 1.7%, compared to the prior year first quarter, primarily due to higher variable operating costs attributable to an increase in operational activities, higher variable compensation expense associated with higher earnings and an increase in general insurance expense.

Depreciation and amortization expense of \$31.1 million was essentially flat compared to the prior year first quarter. Net interest expense of \$19.5 million increased marginally compared to the prior year first quarter. During the first quarter of fiscal 2018, the Partnership funded a portion of its cash needs with \$47.3 million of incremental borrowings under its revolving credit facility.

As previously announced on January 25, 2018, the Partnership's Board of Supervisors had declared a quarterly distribution of \$0.60 per Common Unit for the three months ended December 30, 2017. On an annualized basis, this distribution rate equates to \$2.40 per Common Unit. The distribution is payable on February 13, 2018 to Common Unitholders of record as of February 6, 2018.

Suburban Propane Partners, L.P. is a publicly-traded master limited partnership listed on the New York Stock Exchange. Headquartered in Whippany, New Jersey, Suburban has been in the customer service business since 1928. The Partnership serves the energy needs of approximately 1.0 million residential, commercial, industrial and agricultural customers through 668 locations in 41 states.

This press release contains certain forward-looking statements relating to future business expectations and financial condition and results of operations of the Partnership, based on management's current good faith expectations and beliefs concerning future developments. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those discussed or implied in such forward-looking statements, including the following:

- *The impact of weather conditions on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;*
- *Volatility in the unit cost of propane, fuel oil and other refined fuels, natural gas and electricity, the impact of the Partnership's hedging and risk management activities, and the adverse impact of price increases on volumes as a result of customer conservation;*
- *The ability of the Partnership to compete with other suppliers of propane, fuel oil and other energy sources;*
- *The impact on the price and supply of propane, fuel oil and other refined fuels from the political, military or economic instability of the oil producing nations, global terrorism and other general economic conditions;*
- *The ability of the Partnership to acquire sufficient volumes of, and the costs to the Partnership of acquiring, transporting and storing, propane, fuel oil and other refined fuels;*
- *The ability of the Partnership to acquire and maintain reliable transportation for its propane, fuel oil and other refined fuels;*
- *The ability of the Partnership to retain customers or acquire new customers;*
- *The impact of customer conservation, energy efficiency and technology advances on the demand for propane, fuel oil and other refined fuels, natural gas and electricity;*
- *The ability of management to continue to control expenses;*
- *The impact of changes in applicable statutes and government regulations, or their interpretations, including those relating to the environment and climate change, derivative instruments and other regulatory developments on the Partnership's business;*
- *The impact of changes in tax laws that could adversely affect the tax treatment of the Partnership for income tax purposes;*
- *The impact of legal proceedings on the Partnership's business;*
- *The impact of operating hazards that could adversely affect the Partnership's operating results to the extent not covered by insurance;*

- *The Partnership’s ability to make strategic acquisitions and successfully integrate them;*
- *The impact of current conditions in the global capital and credit markets, and general economic pressures;*
- *The operating, legal and regulatory risks the Partnership may face; and*
- *Other risks referenced from time to time in filings with the Securities and Exchange Commission (“SEC”) and those factors listed or incorporated by reference into the Partnership’s Annual Report under “Risk Factors.”*

Some of these risks and uncertainties are discussed in more detail in the Partnership’s Annual Report on Form 10-K for its fiscal year ended September 30, 2017 and other periodic reports filed with the SEC. Readers are cautioned not to place undue reliance on forward-looking statements, which reflect management’s view only as of the date made. The Partnership undertakes no obligation to update any forward-looking statement, except as otherwise required by law.

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Suburban Propane Partners, L.P. and Subsidiaries
Consolidated Statements of Operations
For the Three Months Ended December 30, 2017 and December 24, 2016
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	December 30, 2017	December 24, 2016
Revenues		
Propane	\$ 322,130	\$ 269,459
Fuel oil and refined fuels	25,315	22,096
Natural gas and electricity	13,147	13,067
All other	12,685	12,685
	<u>373,277</u>	<u>317,307</u>
Costs and expenses		
Cost of products sold	165,189	118,165
Operating	99,611	99,349
General and administrative	16,775	15,047
Depreciation and amortization	31,131	31,261
	<u>312,706</u>	<u>263,822</u>
Loss on sale of business	4,823	—
Operating income	55,748	53,485
Interest expense, net	19,514	18,831
	<u>36,234</u>	<u>34,654</u>
Income before (benefit from) provision for income taxes	36,234	34,654
(Benefit from) provision for income taxes	(934)	165
	<u>37,168</u>	<u>34,489</u>
Net income	<u>\$ 37,168</u>	<u>\$ 34,489</u>
Net income per Common Unit - basic	<u>\$ 0.61</u>	<u>\$ 0.57</u>
Weighted average number of Common Units outstanding - basic	61,333	61,042
Net income per Common Unit - diluted	<u>\$ 0.60</u>	<u>\$ 0.56</u>
Weighted average number of Common Units outstanding - diluted	61,525	61,232
Supplemental Information:		
EBITDA (a)	\$ 86,879	\$ 84,746
Adjusted EBITDA (a)	\$ 93,233	\$ 84,287
Retail gallons sold:		
Propane	124,986	118,601
Refined fuels	9,122	9,012
Capital expenditures:		
Maintenance	\$ 3,959	\$ 3,118
Growth	\$ 4,540	\$ 3,710

(more)

- (a) EBITDA represents net income before deducting interest expense, income taxes, depreciation and amortization. Adjusted EBITDA represents EBITDA excluding the unrealized net gain or loss on mark-to-market activity for derivative instruments and other items, as applicable, as provided in the table below. Our management uses EBITDA and Adjusted EBITDA as supplemental measures of operating performance and we are including them because we believe that they provide our investors and industry analysts with additional information that we determined is useful to evaluate our operating results.

EBITDA and Adjusted EBITDA are not recognized terms under accounting principles generally accepted in the United States of America ("US GAAP") and should not be considered as an alternative to net income or net cash provided by operating activities determined in accordance with US GAAP. Because EBITDA and Adjusted EBITDA as determined by us excludes some, but not all, items that affect net income, they may not be comparable to EBITDA and Adjusted EBITDA or similarly titled measures used by other companies.

The following table sets forth our calculations of EBITDA and Adjusted EBITDA:

	Three Months Ended	
	December 30, 2017	December 24, 2016
Net income	\$ 37,168	\$ 34,489
Add:		
(Benefit from) provision for income taxes	(934)	165
Interest expense, net	19,514	18,831
Depreciation and amortization	31,131	31,261
EBITDA	86,879	84,746
Unrealized (non-cash) (gains) losses on changes in fair value of derivatives	1,531	(459)
Loss on sale of business	4,823	—
Adjusted EBITDA	<u>\$ 93,233</u>	<u>\$ 84,287</u>

The unaudited financial information included in this document is intended only as a summary provided for your convenience, and should be read in conjunction with the complete consolidated financial statements of the Partnership (including the Notes thereto, which set forth important information) contained in its Quarterly Report on Form 10-Q to be filed by the Partnership with the United States Securities and Exchange Commission ("SEC"). Such report, once filed, will be available on the public EDGAR electronic filing system maintained by the SEC.