Suburban Propane Partners, L.P. Announces Near Record Second Quarter Earnings Per Common Unit of $2.46 Despite Warmer Weather and Declares Quarterly Distribution Of $0.5625 Per Common Unit

WHIPPANY, N.J., Apr 25, 2002 /PRNewswire-FirstCall via COMTEX/ -- Suburban Propane Partners, L.P. (NYSE: SPH), a leading marketer of propane gas and related products and services nationwide, today announced fiscal 2002 second quarter earnings comparable to last year's record second quarter results, despite significantly warmer weather. The Partnership also declared its quarterly distribution of $0.5625 per Common Unit.

Net income for the three months ended March 30, 2002 increased $4.7 million, or 8.2%, to $61.9 million, or $2.46 per Common Unit, compared to last year's record second quarter net income of $57.2 million, or $2.28 per Common Unit. Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased $0.6 million, or 0.8%, to $78.2 million, compared to $77.6 million for the prior year period. Results for the second quarter of fiscal 2002 included a one-time gain of $6.8 million on the previously reported sale of the Partnership's propane storage facility in Hattiesburg, Mississippi. Excluding the one-time gain, net income for the three months ended March 30, 2002 would have been $55.1 million, or $2.19 per Common Unit, and EBITDA would have been $71.4 million.

Temperatures nationwide for the second quarter of fiscal 2002 were 10% warmer than normal, or 9% warmer than the prior year quarter. The increase in temperatures was greatest during January and February when the heating season is normally at its peak.

Retail gallons sold decreased 16.5 million gallons, or 8.9%, to 168.6 million gallons in the second quarter of fiscal 2002 compared to 185.1 million gallons in the prior year period. The decrease in volume is primarily attributable to warmer weather during the peak winter heating season as noted above, and the residual impact of near record warm temperatures in November and December of the fiscal 2002 first quarter.

Revenues of $235.9 million in the second quarter of fiscal 2002 were $119.0 million, or 33.5%, below the second quarter of fiscal 2001. The decrease in revenues was principally due to a decrease in average retail selling prices in line with significantly lower average product costs, coupled with the aforementioned decrease in retail volumes. Commodity prices began to decline in March 2001 and continued to decrease throughout the majority of the second quarter of fiscal 2002.

Combined operating and general and administrative expenses decreased 10.9%, or $8.3 million, to $67.9 million in the second quarter of fiscal 2002 compared to $76.2 million in the prior year quarter. The decrease in combined operating and G&A expenses was proportionately greater than the decrease in retail sales volumes, reflecting the Partnership's success in managing its cost structure. Operating expenses in the second quarter of fiscal 2002 included a $3.4 million unrealized gain attributable to derivative instruments and hedging activities (FAS 133), compared to a $2.9 million unrealized gain in the prior year quarter.

Depreciation and amortization expense decreased 26.0%, or $2.6 million, to $7.4 million compared to $10.0 million in the prior year quarter as a result of the Partnership's decision in fiscal 2002 to early adopt Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets", which eliminates the requirement to amortize goodwill and certain intangible assets. On a pro forma basis, fiscal 2001 second quarter net income would have increased by $1.9 million, or $0.07 per Common Unit, excluding amortization expense on goodwill.

Net interest expense decreased 15.5%, or $1.6 million, to $8.7 million compared to $10.3 million in the prior year quarter principally due to a reduced level of average amounts outstanding under the Partnership's revolving credit agreement and, to a lesser extent, lower average interest rates. A disciplined approach towards managing cash flow has allowed the Partnership to reduce average outstanding debt year-over-year, despite the negative impact of record warm weather conditions on our operations.

In announcing these results, President and Chief Executive Officer Mark A. Alexander said, "Considering the unseasonably warmer weather and soft economy, these results stack up remarkably well against last year's record second quarter. It is more apparent now than ever that our internal focus on managing our cost and capital structure has proven to be an effective strategy. We continue to have a solid balance sheet supported by strong cash flow which has allowed us to maintain excellent distribution coverage, while keeping our leverage ratio at an appropriate level."

Suburban also announced its quarterly distribution of $0.5625 per Common Unit for the three months ended March 30, 2002. The distribution will be payable on May 14, 2002 to Common Unitholders of record as of May 7, 2002. On an annualized basis, the distribution equates to $2.25 per Common Unit.

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 and is the nation's third largest propane gas marketer. The Partnership serves over 800,000 residential, commercial, industrial and agricultural customers through approximately 330 customer service centers in more than 40 states. Corporate news, unit prices and additional information about Suburban are available 24 hours a day, 7 days a week on the company's web site: http://www.suburbanpropane.com. To receive news releases via fax: Dial 800-758-5804 and input extension 112074.

Suburban Propane Partners, L.P. and Subsidiaries
Consolidated Statements of Operations
For the Three and Six Months Ended March 30, 2002 and March 31, 2001
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended		Six Months Ended	
	March 30, 2002	March 31, 2001	March 30, 2002	March 31, 2001
Revenues				
Propane	$212,739	$332,727	$366,595	$601,186
Other (a)	23,148	22,166	51,156	49,635
	235,887	354,893	417,751	650,821
Costs and Expenses				
Cost of products sold	96,645	201,149	176,589	370,287
Operating	59,755	66,954	117,407	133,176
General and administrative	8,109	9,236	15,316	17,442
Depreciation and amortization	7,406	10,019	14,992	19,605
Gain on sale of storage facility	(6,768)	--	(6,768)	--
	165,147	287,358	317,536	540,510
Income before interest expense and provision for income taxes	70,740	67,535	100,215	110,311
Interest expense, net	8,649	10,265	17,373	20,253
Income before provision for income taxes	62,091	57,270	82,842	90,058
Provision for income taxes	190	94	328	165
Net income	$61,901	$57,176	$82,514	$89,893
General Partner's interest in net income	$1,373	$1,081	$1,763	$1,735
Limited Partners' interest in net income	$60,528	$56,095	$80,751	$88,158
Basic net income per unit	$2.46	$2.28	$3.28	$3.61
Weighted average number of units outstanding - basic	24,631	24,631	24,631	24,397
Diluted net income per unit	$2.45	$2.28	$3.27	$3.61
Weighted average number of units outstanding - diluted	24,659	24,644	24,658	24,406
Pro Forma Information (b):				
Pro forma net income		$59,030		$93,601
Pro forma General Partner's interest in net income		$1,116		$1,807

Pro forma Limited Partners' interest in net income	$57,914		$91,794	
Pro forma basic and diluted net income per unit	$2.35		$3.76	

Supplemental Information:

EBITDA (c)	$78,146	$77,554	$115,207	$129,916
Retail gallons sold	168,621	185,068	292,579	348,968

(a) Other revenues principally represent amounts generated from the sales of appliances, parts and related services.

(b) Pro forma information presents net income, General Partner's interest in net income, Limited Partners' interest in net income and basic and diluted net income per unit reflecting the impact that the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" would have had on financial results for fiscal 2001 if the statement were effective at the beginning of fiscal 2001.

(c) EBITDA is defined as earnings before interest, income taxes, depreciation and amortization. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) and is not in accordance with nor superior to generally accepted accounting principles but provides additional information for evaluating the Partnership's ability to distribute quarterly distributions or to increase quarterly distributions.

SOURCE Suburban Propane Partners, L.P.

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