Suburban Propane Partners, L.P. Announces Fiscal 2002 Third Quarter Results And Reaffirms Sixth Increase in Quarterly Distribution to $0.5750 Per Common Unit

WHIPPANY, N.J., Jul 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 results for the third quarter ended June 29, 2002 and reaffirmed the sixth annualized increase in its quarterly distribution from $0.5625 to $0.5750 per Common Unit -- $2.30 per Common Unit annualized.

Consistent with the seasonal nature of the propane industry, the Partnership typically experiences a net loss in the third quarter. For the third quarter of fiscal 2002, Suburban's net loss was $11.0 million, or $0.44 per Common Unit, compared to a net loss of $14.6 million, or $0.58 per Common Unit, for the third quarter of fiscal 2001. Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to $4.5 million in the third quarter of fiscal 2002, compared to $3.9 million for the prior year period. Results for the quarter included a $1.0 million unrealized loss (reflected within operating expenses) attributable to the mark to market on derivative instruments (FAS 133), compared to a $5.1 million unrealized loss in the prior year quarter.

Retail sales gallons decreased 3.4 million gallons, or 3.8%, to 86.7 million gallons in the third quarter of fiscal 2002 compared to 90.1 million gallons in the prior year period. The decrease in volume was experienced primarily in April 2002 driven by the carry-over effects of the near record warm heating season, and, to a lesser extent, the impact of the economic recession on customer buying habits.

Revenues of $137.6 million in the third quarter of fiscal 2002 were $7.5 million, or 5.2%, below the third quarter of fiscal 2001. The decrease in revenues is primarily due to lower average retail selling prices reflecting continued lower average product costs compared to the prior year quarter, coupled with the aforementioned decrease in retail volumes.

Combined operating and general and administrative expenses (including the impact of FAS 133 on the current and prior year quarters) decreased 2.3%, or $1.7 million, to $68.6 million in the third quarter of fiscal 2002 compared to $70.3 million in the prior year quarter. Excluding the impact of the unrealized losses from the application of FAS 133 on both periods, combined operating and general and administrative expenses were $67.6 million, an increase of $2.5 million compared to the prior year quarter. This increase resulted primarily from higher pension and medical expenses during the third quarter of fiscal 2002 compared to the prior year quarter.

Depreciation and amortization expense decreased 22.1%, or $2.1 million, to $7.4 million compared to $9.5 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, Suburban's fiscal 2001 third quarter seasonal net loss would have narrowed by $1.9 million, or $0.07 per Common Unit, excluding amortization expense on goodwill.

Net interest expense decreased 10.1%, or $0.9 million, to $8.0 million compared to $8.9 million in the prior year quarter principally due to an increased cash position, as well as lower average interest rates on borrowings outstanding under our revolving credit facility.

Suburban also announced its quarterly distribution of $0.5750 per Common Unit for the three months ended June 29, 2002, which includes the $0.05 annualized increase announced in May 2002. The increased quarterly distribution will be payable on August 13, 2002 to Common Unitholders of record as of August 6, 2002. On an annualized basis, the distribution now equates to $2.30 per Common Unit.

In summarizing the quarter, President and Chief Executive Officer Mark A. Alexander said, "In the third quarter, we continued to experience the residual affect of one of the warmest heating seasons on record, as well as the impact of the prolonged economic recession. However, as we have stated throughout fiscal 2002, we continue to focus on the factors within our control; including, managing our cost structure, building our cash flow and providing superior service to our customers. Despite the negative external factors in fiscal 2002, our disciplined approach toward managing the business has allowed us to maintain a solid capital structure, well positioning us for future growth. The five-cent annualized increase in the quarterly distribution, is proof once again of our confidence and commitment to deliver ever increasing value to our Unitholders."

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 Nine Months Ended June 29, 2002 and June 30, 2001
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended		Nine Months Ended	
	June 29, 2002	June 30, 2001	June 29, 2002	June 30, 2001
Revenues				
Propane	$115,571	$124,370	$482,166	$725,556
Other (a)	22,064	20,700	73,220	70,335
	137,635	145,070	555,386	795,891
Costs and expenses				
Cost of products sold	64,444	70,849	241,033	441,136
Operating	60,589	65,167	177,996	198,343
General and administrative	8,053	5,119	23,369	22,561
Depreciation and amortization	7,377	9,477	22,369	29,082
Gain on sale of storage facility	--	--	(6,768)	--
	140,463	150,612	457,999	691,122
(Loss) income before interest expense and provision for income taxes	(2,828)	(5,542)	97,387	104,769
Interest expense, net	8,010	8,912	25,383	29,165
(Loss) income before provision for income taxes	(10,838)	(14,454)	72,004	75,604
Provision for income taxes	190	105	518	270
Net (loss) income	$(11,028)	$(14,559)	$71,486	$75,334
General Partner's interest in net (loss) income	$(281)	$(275)	$1,482	$1,460
Limited Partners' interest in net (loss) income	$(10,747)	$(14,284)	$70,004	$73,874
Basic net (loss) income per unit	$(0.44)	$(0.58)	$2.84	$3.02
Weighted average number of units outstanding - basic	24,631	24,631	24,631	24,475
Diluted net (loss) income per unit	$(0.44)	$(0.58)	$2.84	$3.02
Weighted average number of units outstanding - diluted	24,631	24,631	24,665	24,487
Pro Forma Information (b):				
Pro forma net (loss) income		$(12,705)		$80,896
Pro forma General Partner's interest in net (loss) income		$(240)		$1,567
Pro forma Limited Partners' interest in net (loss) income		$(12,465)		$79,329
Pro forma basic and diluted net (loss) income per unit		$(0.51)		$3.24
Supplemental Information:				
EBITDA (c)	$4,549	$3,935	$119,756	$133,851

Retail gallons sold	86,730	90,129	379,309	439,097

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

(b) Pro forma information presents net (loss) income, General Partner's interest in net (loss) income, Limited Partners' interest in net (loss) income and basic and diluted net (loss) 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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