

# Suburban Propane Partners, L.P. Announces Improved Fourth Quarter Fiscal 2002 Results and Declares Quarterly Distribution of \$0.5750 Per Common Unit

WHIPPANY, N.J., Oct 24, 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 fourth quarter and fiscal year ended September 28, 2002. The Partnership also declared its quarterly distribution of \$0.5750 per Common Unit -- \$2.30 per Common Unit annualized.

## Fourth Quarter 2002 Results

Consistent with the seasonal nature of the propane industry, the Partnership typically experiences a net loss in the fourth quarter. Suburban's fiscal 2002 fourth quarter net loss narrowed to \$18.0 million, or \$0.71 per Common Unit, an improvement of \$3.8 million, or 17.4%, compared to a net loss of \$21.8 million, or \$0.87 per Common Unit, in the fiscal 2001 fourth quarter. Earnings before interest, taxes, depreciation and amortization (EBITDA) improved \$2.1 million, or 53.8% to a loss of \$1.8 million compared to a loss of \$3.9 million in the prior year quarter.

Retail gallons sold decreased 8.9 million gallons, or 10.4%, to 76.7 million gallons from 85.6 million gallons in the prior year quarter. Revenues decreased \$25.9 million, or 19.1%, to \$109.7 million from \$135.6 million in the prior year quarter, principally due to the aforementioned decrease in retail sales volumes, coupled with lower average retail selling prices driven by lower product costs. Combined operating and general & administrative expenses of \$63.5 million decreased 9.7%, or \$6.8 million, from \$70.3 million in the prior year quarter, primarily due to lower employee related costs. Operating expenses in the fourth quarter of fiscal 2002 included a \$0.2 million unrealized gain attributable to derivative instruments and hedging activities (FAS 133) compared to a \$0.3 million unrealized gain in the prior year quarter.

Depreciation and amortization expense decreased 22.3%, or \$2.1 million, to \$7.3 million, compared to \$9.4 million in the prior year quarter, as a result of the Partnership's decision to early adopt Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (FAS 142), which eliminates the requirement to amortize goodwill and certain intangible assets. On a pro forma basis, Suburban's fiscal 2001 fourth quarter seasonal net loss would have improved by \$1.9 million, or \$0.07 per Common Unit, excluding amortization expense on goodwill.

## Fiscal Year 2002 Results

Fiscal 2002 net income was \$53.5 million, or \$2.12 per Common Unit, compared to fiscal 2001 net income of \$53.5 million, or \$2.14 per Common Unit. Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased 9.3%, or \$12.1 million, to \$117.9 million in fiscal 2002. Results for fiscal 2002 include a \$5.4 million unrealized gain (reflected within operating expenses) attributable to the mark to market on derivative instruments (FAS 133) and a one-time gain of \$6.8 million from the sale of the Partnership's propane storage facility in Hattiesburg, Mississippi. Results for fiscal 2001 include a \$3.1 million unrealized loss attributable to FAS 133.

Excluding the impact of FAS 133 from both periods and the one-time gain on the sale of the Hattiesburg storage facility in fiscal 2002 and excluding amortization expense on goodwill for fiscal 2001, net income decreased \$22.6 million, or 35.3%, to \$41.4 million, or \$1.64 per Common Unit, compared to \$64.0 million, or \$2.55 per Common Unit in the prior year. Comparable EBITDA decreased \$27.2 million, or 20.5%, to \$105.8 million from \$133.0 million in the prior year.

Fiscal 2002 retail sales volume of 456.0 million gallons decreased 13.1%, or 68.7 million gallons, from 524.7 million gallons in the prior year. The decline in volumes was the result of one of the warmest winter heating seasons on record, particularly during the peak heating months of November through February, as well as, to a lesser extent, the continued economic downturn. Nationwide average temperatures in fiscal 2002 were 13% warmer than normal, compared to 2% colder than normal in fiscal 2001. Revenues of \$665.1 million decreased 28.6%, or \$266.4 million, from \$931.5 million in the prior year. The decrease is principally attributable to substantially lower average retail selling prices in line with the significantly lower average product cost environment throughout fiscal 2002, as well as from the aforementioned decrease in retail sales volumes.

Combined operating and general & administrative expenses (including the impact of FAS 133 on fiscal 2002 and 2001) decreased \$26.3 million, or 9.0%, to \$264.9 million. Excluding the impact of the unrealized gain in fiscal 2002 and the unrealized loss in fiscal 2001 from the application of FAS 133, combined operating and general & administrative expenses decreased \$17.9 million, or 6.2%, to \$270.3 million. The decrease reflects the Partnership's ability to effectively manage the cost structure amidst declining volumes and was most evident in employee and vehicle related expenses, as well as lower bad debts.

Depreciation and amortization expense decreased 22.9%, or \$8.8 million, to \$29.7 million compared to \$38.5 million in the prior year as a result of the Partnership's decision to early adopt FAS 142 at the beginning of fiscal 2002. On a pro forma basis, Suburban's fiscal 2001 net income would have increased \$7.4 million, or \$0.29 per Common Unit, excluding amortization expense on goodwill.

Net interest expense decreased 9.6%, or \$3.6 million, to \$34.0 million compared to \$37.6 million in the prior year primarily due to a reduced level of average amounts outstanding under our revolving credit facility during fiscal 2002, as well as generally lower average interest rates.

As a result of continued turbulent capital markets, the Partnership experienced a significant decline in the market value of its pension portfolio assets. As a result of the unrealized losses experienced in the pension assets, the Partnership recorded a \$37.8 million reduction in Partners' Capital at the end of fiscal 2002. Accordingly, the Consolidated Balance Sheet as of September 28, 2002 reflects an \$85.1 million cumulative reduction in Partners' Capital pursuant to Statement of Financial Accounting Standards No. 87, "Employers Accounting for Pensions." This non-cash adjustment to the Partnership's Consolidated Balance Sheet does not impact the Partnership's Consolidated Statement of Operations. During the fourth quarter of fiscal 2002, the Partnership adopted certain amendments to its defined benefit pension plan in order to minimize growth in future pension related liabilities, which also resulted in the recognition of a \$1.1 million pension curtailment gain.

Suburban also announced its quarterly distribution of \$0.5750 per Common Unit for the three months ended September 28, 2002. The distribution will be payable on November 12, 2002 to Common Unitholders of record as of November 4, 2002. On an annual basis the distribution equates to \$2.30 per Common Unit.

In announcing these results, President and Chief Executive Officer Mark A. Alexander said, "All in all, considering the state of the economy and the historic warm weather that we experienced this year, we are very pleased with these results. Over the past few years, we have spent considerable time and effort shaping a business that could withstand unfavorable external factors such as these, and this year's results are proof that our internal focus has paid off. Today we are well positioned for growth, both internally and externally, and are ready to act in a disciplined manner as opportunities present themselves in this rapidly changing energy environment."

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 approximately 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 Months and Years Ended September 28, 2002 and September 29,  
2001  
(in thousands, except per unit amounts)

	Three Months Ended		Year Ended	
	Sept. 28, 2002	Sept. 29, 2001	Sept. 28, 2002	Sept. 29, 2001
Revenues				
Propane	\$ 88,114	\$114,051	\$570,280	\$839,607
Other (a)	21,605	21,594	94,825	91,929
	109,719	135,645	665,105	931,536
Costs and expenses				
Cost of products sold	48,022	69,177	289,055	510,313
Operating	56,144	60,392	234,140	258,735
General and administrative	7,402	9,950	30,771	32,511
Depreciation and amortization	7,324	9,420	29,693	38,502
Gain on sale of storage facility	--	--	(6,768)	--
	118,892	148,939	576,891	840,061
(Loss) income before interest expense and provision				
for income taxes	(9,173)	(13,294)	88,214	91,475
Interest expense, net	8,604	8,425	33,987	37,590
(Loss) income before provision for income taxes	(17,777)	(21,719)	54,227	53,885
Provision for income taxes	185	105	703	375

Net (loss) income \$(17,962) \$(21,824) \$ 53,524 \$ 53,510

General Partner's interest in net  
(loss) income \$ (457) \$ (412) \$ 1,362 \$ 1,048

Limited Partners' interest in net  
(loss) income \$(17,505) \$(21,412) \$ 52,162 \$ 52,462

Net (loss) income per unit - basic \$ (0.71) \$ (0.87) \$ 2.12 \$ 2.14

Weighted average number of units  
outstanding - basic 24,631 24,631 24,631 24,514

Net (loss) income per unit -  
diluted \$ (0.71) \$ (0.87) \$ 2.12 \$ 2.14

Weighted average number of units  
outstanding - diluted 24,631 24,631 24,665 24,530

Pro Forma Information (b):

Pro forma net (loss) income \$(19,970) \$ 60,926

Pro forma General Partner's  
interest in net (loss) income \$ (377) \$ 1,193

Pro forma Limited Partners'  
interest in net (loss) income \$(19,593) \$ 59,733

Pro forma net (loss) income per  
unit - basic and diluted \$ (0.80) \$ 2.44

Supplemental Information:

EBITDA (c) \$ (1,849) \$ (3,874) \$117,907 \$129,977

Retail gallons sold 76,679 85,631 455,988 524,728

(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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