

Suburban Propane Partners, L.P. Announces 13.1% Increase in Net Income for Its First Quarter and Declares Quarterly Distribution of \$0.5750 Per Common Unit

WHIPPANY, N.J., Jan. 23 [/PRNewswire-FirstCall/](#) -- Suburban Propane Partners, L.P. (NYSE: SPH), a leading marketer of propane gas and related products and services nationwide, today announced fiscal 2003 first quarter results, with improvements in net income and earnings before interest, taxes, depreciation and amortization ("EBITDA"). The Partnership also declared its quarterly distribution of \$0.5750 per Common Unit -- \$2.30 per Common Unit annualized.

Net income for the three months ended December 28, 2002 increased \$2.7 million, or 13.1%, to \$23.3 million, or \$0.92 per Common Unit, compared to \$20.6 million, or \$0.82 per Common Unit, for the three months ended December 29, 2001. EBITDA increased \$2.1 million, or 5.7%, to \$39.2 million, compared to \$37.1 million for the prior year quarter.

Results for the first quarter of fiscal 2003 include a \$1.0 million unrealized (non-cash) loss (reflected within operating expenses) attributable to the mark-to-market on derivative instruments ("FAS 133"), compared to a \$2.7 million unrealized gain in the prior year quarter attributable to FAS 133. Excluding the non-cash impact of FAS 133 in both periods, net income for the three months ended December 28, 2002 increased 35.8% to \$24.3 million, or \$0.96 per Common Unit, and comparable EBITDA increased 16.9% to \$40.2 million.

While nationwide average temperatures reflected a return to a more normal weather pattern for the first quarter of fiscal 2003, compared to 18% warmer than normal temperatures in the same quarter a year ago, the coldest weather was reported in the central regions of the United States. The Partnership's operations are concentrated in the east and west regions of the United States and, as such, weather was coldest in areas where the Partnership has the fewest customer service centers.

Retail gallons sold increased 15.9 million gallons, or 12.8%, to 139.9 million gallons in the fiscal 2003 first quarter, compared to 124.0 million gallons in the prior year period. The increase is primarily due to the aforementioned colder nationwide average temperatures, particularly in the eastern region. Revenues increased \$24.5 million, or 13.5%, to \$206.4 million, compared to \$181.9 million in the prior year quarter. The increase in revenues is primarily the result of the increase in retail volumes sold, as discussed above, and an increase in average selling prices in line with steadily increasing product costs.

Combined operating and general and administrative expenses of \$71.7 million were \$6.8 million, or 10.5%, above the prior year quarter of \$64.9 million. Operating expenses in the first quarter of fiscal 2003 included the \$1.0 million unrealized loss attributable to FAS 133, as compared to the \$2.7 million unrealized gains in the prior year quarter, as noted above. The increase in combined operating and G&A expenses is attributable to higher compensation and employee benefit related expenses resulting from the increase in retail sales volumes. However, the increase in operating and G&A expenses was significantly less, on a percentage basis, than the increase in retail sales volumes, reflecting the flexible nature of our cost structure.

Depreciation and amortization expense decreased 3.5% to \$7.3 million. Net interest expense decreased 2.5% to \$8.5 million, reflecting lower average interest rates.

In announcing these results, President and Chief Executive Officer Mark A. Alexander said, "As we have stated in the past, our cost structure is designed to withstand some of the most unfavorable external factors, as well as to capitalize when those factors turn around. In the first quarter, our sales volumes and resulting gross margins increased at a faster pace than the costs associated with the increased business, thus allowing us to deliver significantly higher earnings on a per unit basis. This flexible cost structure and our strong balance sheet play an important role in our success."

The Partnership also announced its quarterly distribution of \$0.5750 per Common Unit for the three months ended December 28, 2002. The distribution will be payable on February 11, 2003, to Common Unitholders of record as of February 4, 2003. On an annualized basis, the distribution equates to \$2.30 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 approximately 750,000 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 Suburban's web site: <http://www.suburbanpropane.com> .

Consolidated Statements of Operations
For the Three Months Ended December 28, 2002 and December 29, 2001
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	December 28, 2002	December 29, 2001
Revenues		
Propane	\$179,324	\$153,856
Other (a)	27,043	28,008
	206,367	181,864
Costs and expenses		
Cost of products sold	95,459	79,944
Operating	62,674	57,652
General and administrative	9,021	7,207
Depreciation and amortization	7,320	7,586
	174,474	152,389
Income before interest expense and provision for income taxes	31,893	29,475
Interest expense, net	8,509	8,724
Income before provision for income taxes	23,384	20,751
Provision for income taxes	130	138
Net income	\$23,254	\$20,613
General Partner's interest in net income	\$591	\$390
Limited Partners' interest in net income	\$22,663	\$20,223
Net income per unit - basic	\$0.92	\$0.82
Weighted average number of units outstanding - basic	24,631	24,631
Net income per unit - diluted	\$0.92	\$0.82
Weighted average number of units outstanding - diluted	24,679	24,652
Supplemental Information:		
EBITDA (b)	\$39,213	\$37,061
Retail gallons sold	139,934	123,958

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

(b) 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. EBITDA is calculated using elements derived from captions on the consolidated statement of operations as follows:

Income before interest expense and provision for income taxes	\$31,893	\$29,475
Add: Depreciation and amortization	7,320	7,586
EBITDA	\$39,213	\$37,061

SOURCE Suburban Propane Partners, L.P.

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