



Martin Midstream Partners Reports 2008 Fourth Quarter and Annual Financial Results

KILGORE, Texas, March 4, 2009 /PRNewswire-FirstCall via COMTEX/ -- Martin Midstream Partners L.P. (Nasdaq: MMLP) announced today its financial results for the fourth quarter and year ended December 31, 2008.

MMLP reported net income for the fourth quarter of 2008 of \$16.7 million, or \$1.08 per limited partner unit. This compared to net income for the fourth quarter of 2007 of \$7.7 million, or \$0.49 per limited partner unit. Revenues for the fourth quarter of 2008 were \$228.4 million compared to \$262.9 million for the fourth quarter of 2007. Fourth quarter 2008 net income was positively impacted by a \$0.8 million, or \$0.06 per limited partner unit, non-cash derivatives gain from certain commodity and interest rate hedges that did not qualify for hedge accounting. Fourth quarter 2007 net income was negatively impacted by a \$1.9 million, or \$0.13 per limited partner unit, non-cash derivatives loss.

MMLP reported net income for the year ended December 31, 2008 of \$42.8 million, or \$2.72 per limited partner unit. This compared to net income for the year ended December 31, 2007 of \$24.9 million, or \$1.67 per limited partner unit. Revenues for the year ended December 31, 2008 were \$1.2 billion, compared to revenues of \$765.8 million for the year ended December 31, 2007. Net income for the year ended December 31, 2008 was positively impacted by a \$2.3 million, or \$0.16 per limited partner unit, non-cash derivatives gain from certain commodity and interest rate hedges that did not qualify for hedge accounting. Additionally, net income for the year ended December 31, 2008 was negatively impacted by \$1.5 million, or \$0.10 per limited partner unit, as a result of recognizing losses in excess of insurance reimbursements resulting from Hurricanes Gustav and Ike. Net income for the year ended December 31, 2007 was negatively impacted by a \$3.9 million, or approximately \$0.28 per limited partner unit, non-cash derivatives loss.

The Company's distributable cash flow for the year ended December 31, 2008 was \$59.0 million and for the three months ended December 31, 2008 was \$19.0 million. Distributable cash flow is a non-GAAP financial measure which is explained in greater detail below under "Use of Non-GAAP Financial Information." The Company has also included below a table entitled "Distributable Cash Flow" in order to show the components of this non-GAAP financial measure and its reconciliation to the most comparable GAAP measurement.

Included with this press release are MMLP's Consolidated Balance Sheets as of December 31, 2008 and December 31, 2007, its Consolidated Statements of Operations for the years ended December 31, 2008, 2007 and 2006, its Consolidated Statements of Changes in Capital for the years ended December 31, 2008, 2007 and 2006, its Consolidated Statements of Comprehensive Income for the years ended December 31, 2008, 2007 and 2006, its Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007 and 2006 and its Consolidated Statements of Operations for the quarters ended December 31, 2008 and 2007 (unaudited). These financial statements should be read in conjunction with the information contained in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 4, 2009.

Ruben Martin, President and Chief Executive Officer of Martin Midstream GP LLC, the general partner of Martin Midstream Partners, said "Given the overall challenging economic conditions, I am pleased to say that we performed extremely well in the fourth quarter. As expected, our Sulfur Services segment had an outstanding quarter due to the advantageous movement in sulfur prices coupled with favorable contract terms. In addition, our shorebase terminals benefited from our broad-based Gulf Coast footprint as we gained new business as a result of Hurricane Ike in September."

Mr. Martin continued, "Overall, 2008 was a solid year for our company. Our distributable cash flow in 2008 grew to \$59.0 million, an approximate 29% year-over-year increase despite deteriorating market conditions in the second half of 2008. We increased cash distributions paid in 2008 to \$2.91 per limited partner unit, which represents an approximate 12% increase when compared to 2007. Furthermore, we strengthened our distribution coverage to 1.3 times, the highest in our company's history."

Mr. Martin also stated, "Looking ahead to 2009, however, we are facing headwinds that were not present in the first half of 2008. We expect the capital markets to remain closed to us in the near term as a result of the current financial malaise coupled with existing litigation at the parent company of our general partner. Therefore, we have committed to a reduction of growth capital in 2009 to allow for more balance sheet flexibility. In addition, we are pursuing certain asset sales that are non-strategic in nature and represent minimal contribution to the historical cash flow of our company. Despite these challenges, however, we expect our unique diversified business model to continue to perform relatively well in a difficult environment. We continue to remain focused on our existing operations to ensure that we are poised to take advantage of opportunities once these headwinds are behind us."

Investors' Conference Call

An investor's conference call to review the fourth quarter and year end results will be held on Thursday, March 5, 2009, at 8:00 a.m. Central Time. The conference call can be accessed by calling (877) 407-0778. An audio replay of the conference call will be available by calling (877) 660-6853 from 9:00 a.m. Central Time on March 5, 2009 through 11:59 p.m. Central Time on March 12, 2009. The access codes for the conference call and the audio replay are as follows: Account No. 286; Conference ID No. 315128. The audio replay of the conference call will also be archived on the Company's website at www.martinmidstream.com.

About Martin Midstream Partners

Martin Midstream Partners is a publicly traded limited partnership with a diverse set of operations focused primarily in the United States Gulf Coast region. The Partnership's primary business lines include: terminalling and storage services for petroleum products and by-products; natural gas gathering, processing and NGL distribution; marine transportation services for petroleum products and by-products; and sulfur and sulfur-based products processing, manufacturing, and distribution.

Additional information concerning the Company is available on the Company's website at www.martinmidstream.com.

Forward-Looking Statements

Statements about Martin Midstream Partners' outlook and all other statements in this release other than historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements and all references to financial estimates rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside its control, which could cause actual results to differ materially from such statements. While MMLP believes that the assumptions concerning future events are reasonable, it cautions that there are inherent difficulties in anticipating or predicting certain important factors. A discussion of these factors, including risks and uncertainties, is set forth in the Company's annual and quarterly reports filed from time to time with the Securities and Exchange Commission. Martin Midstream Partners disclaims any intention or obligation to revise any forward-looking statements, including financial estimates, whether as a result of new information, future events, or otherwise.

Use of Non-GAAP Financial Information

MMLP reports its financial results in accordance with generally accepted accounting principles. However, from time to time, MMLP uses certain non-GAAP financial measures such as distributable cash flow because MMLP's management believes that this measure may provide users of this financial information with meaningful comparisons between current results and prior reported results and a meaningful measure of MMLP's cash available to pay distributions. Distributable cash flow should not be considered an alternative to cash flow from operating activities or any other measure of financial performance in accordance with generally accepted accounting principles (GAAP) in the United States. Distributable cash flow is not intended to represent cash flows for the period, nor is it presented as an alternative to income from continuing operations. Furthermore, it should not be seen as a measure of liquidity or a substitute for comparable metrics prepared in accordance with GAAP. This information may constitute non-GAAP financial measures within the meaning of Regulation G adopted by the Securities and Exchange Commission. Accordingly, MMLP has presented herein, and will present in other information it publishes that contains this non-GAAP financial measure, a reconciliation of this measure to the most directly comparable GAAP financial measure.

The Company has included below a table entitled "Distributable Cash Flow" in order to show the components of this non-GAAP financial measure and its reconciliation to the most comparable GAAP measure. MMLP calculates distributable cash flow as follows: net income (as reported in Statements of Operations), plus depreciation and amortization and amortization of deferred debt issue costs (as reported in Statements of Cash Flows), less deferred income taxes (as reported in its Statements of Cash Flows), plus distribution equivalents from unconsolidated entities (as described below), plus invested cash in unconsolidated entities (as described below), less equity in earnings of unconsolidated entities (as reported in Statements of Operations), less non-cash market-to-market on derivatives (as reported in Statements of Cash Flows), plus (less) non-cash hurricane costs, net of cash payments, (as described below), less maintenance capital expenditures (as reported under the caption "Liquidity and Capital Resources" in MMLP's Annual Report on Form 10-K filed on March 4, 2009), less gain on disposition or sale of property, plant and equipment (as reported in Statements of Cash Flows), plus (less) unit-based compensation (as reported in Statements of Changes in Capital).

MMLP's *distribution equivalents from unconsolidated entities* is calculated as distributions from unconsolidated entities (as reported in Statements of Cash Flows), plus return of investments from unconsolidated entities (as reported in Statements of Cash Flows), plus distributions in-kind from unconsolidated entities (as reported in Statements of Cash Flows).

MMLP's *invested cash in unconsolidated entities* is calculated as distributions from (contributions to) unconsolidated entities for operations (as reported in Statements of Cash Flows), plus expansion capital expenditures in unconsolidated entities (as reported under the caption "Liquidity and Capital Resources" in MMLP's Annual Report on Form 10-K filed on March 4, 2009).

MMLP's *non-cash hurricane costs (net of cash payments)* is calculated as hurricane costs (as reported in Footnote 18 in MMLP's Annual Report on Form 10-K filed on March 4, 2009), less hurricane cost payments (as reported in Footnote 18 in MMLP's Annual Report on Form 10-K filed on March 4, 2009).



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