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Calumet Specialty Products Partners, L.P.  
Form 10-Q  
May 06, 2016  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
<sup>x</sup> 1934  
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016  
OR  
..TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF  
1934  
FOR THE TRANSITION PERIOD FROM                      TO  
Commission File Number: 000-51734

Calumet Specialty Products Partners, L.P.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware	35-1811116
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

2780 Waterfront Parkway East Drive, Suite 200	
Indianapolis, Indiana	46214
(Address of Principal Executive Officers)	(Zip Code)
(317) 328-5660	
(Registrant's Telephone Number, Including Area Code)	
None	
(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
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Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐  
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On May 6, 2016, there were 76,063,679 common units outstanding.

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CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.

QUARTERLY REPORT

For the Three Months Ended March 31, 2016

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**FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q (this “Quarterly Report”) includes certain “forward-looking statements.” These statements can be identified by the use of forward-looking terminology including “may,” “intend,” “believe,” “expect,” “anticipate,” “estimate,” “continue” or other similar words. The statements regarding (i) estimated capital expenditures as a result of required audits or required operational changes or other environmental and regulatory liabilities, (ii) estimated capital expenditures as a result of our planned organic growth projects and estimated annual EBITDA contributions from such projects, (iii) our anticipated levels of, use and effectiveness of derivatives to mitigate our exposure to crude oil price changes, natural gas price changes and fuel products price changes, (iv) estimated costs of complying with the U.S. Environmental Protection Agency’s (“EPA”) Renewable Fuel Standard, including the prices paid for Renewable Identification Numbers (“RINs”), (v) our ability to meet our financial commitments, minimum quarterly distributions to our unitholders, debt service obligations, debt instrument covenants, contingencies and anticipated capital expenditures and (vi) our access to capital to fund capital expenditures and our working capital needs and our ability to obtain debt or equity financing on satisfactory terms, as well as other matters discussed in this Quarterly Report that are not purely historical data, are forward-looking statements. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us.

While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting us will be those that we anticipate. All comments concerning our expectations for future sales and operating results are based on our forecasts for our existing operations and do not include the potential impact of any future acquisitions. Our forward-looking statements involve significant risks and uncertainties (some of which are beyond our control) and assumptions that could cause actual results to differ materially from our historical experience and our present expectations or projections. Known material factors that could cause our actual results to differ from those in the forward-looking statements are those described in (i) Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” and Part I, Item 1A “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (“2015 Annual Report”) and (ii) Part I, Item 3 “Quantitative and Qualitative Disclosures About Market Risk” and Part II, Item 1A “Risk Factors” in this Quarterly Report. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements after the date they are made, whether as a result of new information, future events or otherwise.

References in this Quarterly Report to “Calumet Specialty Products Partners, L.P.,” “Calumet,” “the Company,” “we,” “our,” “us” or like terms refer to Calumet Specialty Products Partners, L.P. and its subsidiaries. References in this Quarterly Report to “our general partner” refer to Calumet GP, LLC, the general partner of Calumet Specialty Products Partners, L.P.

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## PART I

## Item 1. Financial Statements

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2016	December 31, 2015
	(Unaudited)	(Unaudited)
	(In millions, except unit data)	(In millions, except unit data)
ASSETS		
Current assets:		
Cash and cash equivalents	\$7.2	\$ 5.6
Accounts receivable:		
Trade	209.1	195.3
Other	22.0	15.4
	231.1	210.7
Inventories	429.9	384.4
Prepaid expenses and other current assets	6.9	8.3
Total current assets	675.1	609.0
Property, plant and equipment, net	1,727.6	1,719.2
Investment in unconsolidated affiliates	115.8	126.0
Goodwill	212.0	212.0
Other intangible assets, net	206.5	214.1
Other noncurrent assets, net	61.6	64.4
Total assets	\$2,998.6	\$ 2,944.7
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable	\$288.1	\$ 316.6
Accrued interest payable	45.3	31.1
Accrued salaries, wages and benefits	23.7	32.9
Other taxes payable	17.5	17.9
Other current liabilities	143.5	119.0
Current portion of long-term debt	1.7	1.7
Note payable — related party	72.4	73.5
Derivative liabilities	29.3	33.9
Total current liabilities	621.5	626.6
Noncurrent deferred income taxes	2.1	2.1
Pension and postretirement benefit obligations	12.5	13.0
Other long-term liabilities	0.9	0.9
Long-term debt, less current portion	1,883.1	1,698.2
Total liabilities	2,520.1	2,340.8
Commitments and contingencies		
Partners' capital:		
Limited partners' interest 75,884,400 units and 75,884,400 units, issued and outstanding as of March 31, 2016 and December 31, 2015, respectively	461.4	578.0
General partner's interest	20.8	27.5
Accumulated other comprehensive loss	(3.7)	(1.6)
Total partners' capital	478.5	603.9

Total liabilities and partners' capital	\$2,998.6	\$ 2,944.7
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See accompanying notes to unaudited condensed consolidated financial statements.

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CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2016	2015
	(In millions, except per unit and unit data)	
Sales	\$ 713.0	\$ 1,018.6
Cost of sales	626.8	823.4
Gross profit	86.2	195.2
Operating costs and expenses:		
Selling	30.5	38.4
General and administrative	27.6	39.2
Transportation	39.2	42.0
Taxes other than income taxes	5.7	4.0
Other	2.0	2.9
Operating income (loss)	(18.8	) 68.7
Other income (expense):		
Interest expense	(30.3	) (27.0
Realized gain (loss) on derivative instruments	(12.3	) 8.9
Unrealized gain (loss) on derivative instruments	4.6	(27.9
Loss from unconsolidated affiliates	(11.1	) (4.5
Other	0.4	0.8
Total other expense	(48.7	) (49.7
Net income (loss) before income taxes	(67.5	) 19.0
Income tax expense (benefit)	0.2	