

Edgar Filing: Calumet Specialty Products Partners, L.P. - Form 10-Q

Calumet Specialty Products Partners, L.P.  
Form 10-Q  
August 09, 2013  
Table of Contents

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2013  
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 37-1516132  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) 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 x 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 Registration 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 x 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 x Accelerated filer "  
Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company "

Edgar Filing: Calumet Specialty Products Partners, L.P. - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At August 9, 2013, there were 69,317,278 common units outstanding.

---

Table of Contents

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.

QUARTERLY REPORT

For the Three and Six Months Ended June 30, 2013

Table of Contents

	Page
<u>Part I</u>	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
<u>Unaudited Condensed Consolidated Statements of Operations</u>	<u>5</u>
<u>Unaudited Condensed Consolidated Statements of Comprehensive Income</u>	<u>6</u>
<u>Unaudited Condensed Consolidated Statements of Partners' Capital</u>	<u>7</u>
<u>Unaudited Condensed Consolidated Statements of Cash Flows</u>	<u>8</u>
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	<u>10</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>43</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>69</u>
<u>Item 4. Controls and Procedures</u>	<u>71</u>
<u>Part II</u>	
<u>Item 1. Legal Proceedings</u>	<u>72</u>
<u>Item 1A. Risk Factors</u>	<u>72</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>72</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>72</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>72</u>
<u>Item 5. Other Information</u>	<u>72</u>
<u>Item 6. Exhibits</u>	<u>73</u>

Table of Contents

**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) 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, (iii) estimated costs of complying with the U.S. Environmental Protection Agency’s (“EPA”) Renewable Fuel Standards, including the prices paid for Renewable Identification Numbers (“RINs”) and (iv) our ability to meet our financial commitments, minimum quarterly distributions to our unitholders, debt service obligations, debt instrument covenants, contingencies and anticipated capital expenditures, 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 (1) Part I, Item 3 “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, 2012 (“2012 Annual Report”), (2) Part II, Item IA “Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (“Q1 Quarterly Report”) and (3) 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.,” “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.

Table of Contents

## PART I

## Item 1. Financial Statements

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

	June 30, 2013	December 31, 2012
	(Unaudited)	
	(In millions, except unit data)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 163.2	\$ 32.2
Accounts receivable:		
Trade	298.1	219.3
Other	9.1	7.5
	307.2	226.8
Inventories	589.3	553.6
Derivative assets	14.2	3.1
Prepaid expenses and other current assets	19.8	10.3
Deposits	0.7	7.9
Total current assets	1,094.4	833.9
Property, plant and equipment, net	1,108.3	986.9
Investment in unconsolidated affiliate	16.6	1.9
Goodwill	192.7	187.0
Other intangible assets, net	184.4	197.1
Other noncurrent assets, net	87.8	46.2
Total assets	\$2,684.2	\$2,253.0
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Current liabilities:		
Accounts payable	\$416.5	\$333.4
Accrued interest payable	21.1	23.5
Accrued salaries, wages and benefits	16.2	20.1
Accrued income taxes payable	—	27.6
Other taxes payable	18.1	13.7
Other current liabilities	41.7	8.3
Current portion of long-term debt	0.7	0.8
Derivative liabilities	0.5	48.0
Total current liabilities	514.8	475.4
Pension and postretirement benefit obligations	22.3	24.0
Other long-term liabilities	1.1	1.1
Long-term debt, less current portion	863.4	862.7
Total liabilities	1,401.6	1,363.2
Commitments and contingencies		
Partners' capital:		
Limited partners' interest (69,317,278 and 57,529,778 units issued and outstanding at June 30, 2013 and December 31, 2012, respectively)	1,230.7	884.8
General partner's interest	39.3	30.5
Accumulated other comprehensive income (loss)	12.6	(25.5)

Edgar Filing: Calumet Specialty Products Partners, L.P. - Form 10-Q

Total partners' capital	1,282.6	889.8
Total liabilities and partners' capital	\$2,684.2	\$2,253.0
See accompanying notes to unaudited condensed consolidated financial statements.		

Table of Contents

CALUMET SPECIALTY PRODUCTS PARTNERS, L.P.  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(In millions, except per unit and unit data)			
Sales	\$1,354.2	\$1,087.0	\$2,672.8	\$2,256.6
Cost of sales	1,253.2	958.2	2,437.4	2,043.5
Gross profit	101.0	128.8	235.4	213.1
Operating costs and expenses:				
Selling	16.9	7.2	32.8	11.7
General and administrative	19.0	14.8	44.1	28.5
Transportation	33.8	25.0	69.2	52.5
Taxes other than income taxes	3.0	1.9	6.0	3.6
Other	1.0	1.4	1.6	