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Sprague Resources LP
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 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 _____ to _____

Commission file number: 001-36137

Sprague Resources LP
(Exact name of registrant as specified in its charter)

Delaware 45-2637964
(State of incorporation) (I.R.S. Employer Identification No.)
185 International Drive
Portsmouth, New Hampshire 03801
(Address of principal executive offices)
Registrant's telephone number, including area code: (800) 225-1560

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

Indicated 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 Regulations S-T 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. (Check one):

Large accelerated filer Accelerated filer

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

The registrant had 11,232,027 common units and 10,071,970 subordinated units outstanding as of May 2, 2016.

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Part I – FINANCIAL INFORMATION

Item 1 — Condensed Consolidated Financial Statements

Sprague Resources LP

Condensed Consolidated Balance Sheets

(in thousands except units)

	March 31, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,269	\$30,974
Accounts receivable, net	167,752	160,848
Inventories	151,956	241,320
Fair value of derivative assets	134,087	157,714
Other current assets	54,657	57,006
Total current assets	516,721	647,862
Property, plant and equipment, net	250,342	250,909
Intangibles, net	21,073	22,113
Other assets, net	31,576	16,160
Goodwill	63,288	63,288
Total assets	\$ 883,000	\$ 1,000,332
Liabilities and unitholders' equity		
Current liabilities:		
Accounts payable	\$ 67,236	\$91,387
Accrued liabilities	40,931	47,840
Fair value of derivative liabilities	25,784	37,178
Due to General Partner	8,416	14,021
Current portion of long-term debt	91,632	332,914
Current portion of capital leases	1,015	1,002
Total current liabilities	235,014	524,342
Commitments and contingencies (Note 9)	—	—
Long-term debt	435,882	283,561
Long-term capital leases	3,423	3,623
Other liabilities	15,694	14,995
Due to General Partner	955	1,264
Deferred income taxes	14,969	15,062
Total liabilities	705,937	842,847
Unitholders' equity:		
Common unitholders - public (9,197,649 units and 8,977,378 units issued and outstanding, as of March 31, 2016 and December 31, 2015, respectively)	198,150	189,483
Common unitholders - affiliated (2,034,378 units issued and outstanding)	566	(1,370)
Subordinated unitholders - affiliated (10,071,970 units issued and outstanding)	(9,402)	(18,989)
Accumulated other comprehensive loss, net of tax	(12,251)	(11,639)
Total unitholders' equity	177,063	157,485
Total liabilities and unitholders' equity	\$ 883,000	\$ 1,000,332

The accompanying notes are an integral part of these financial statements.

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Sprague Resources LP
 Unaudited Condensed Consolidated Statements of Operations
 (in thousands except unit and per unit amounts)

	Three Months Ended	
	March 31,	
	2016	2015
Net sales	\$722,907	\$1,598,358
Cost of products sold (exclusive of depreciation and amortization)	639,620	1,490,373
Operating expenses	16,829	18,883
Selling, general and administrative	24,130	32,381
Depreciation and amortization	5,031	4,992
Total operating costs and expenses	685,610	1,546,629
Operating income	37,297	51,729
Other (expense) income	(95) 514
Interest income	127	112
Interest expense	(6,983) (7,766
Income before income taxes	30,346	44,589
Income tax provision	(525) (650
Net income	29,821	43,939
Incentive distributions declared	(275) —
Limited partners' interest in net income	\$29,546	\$43,939
Net income per limited partner unit:		
Common - basic	\$1.39	\$2.10
Common - diluted	\$1.38	\$2.06
Subordinated - basic and diluted	\$1.39	\$2.10
Units used to compute net income per limited partner unit:		
Common - basic	11,109,914	10,897,488
Common - diluted	11,249,460	11,064,510
Subordinated - basic and diluted	10,071,970	10,071,970
Distribution declared per common and subordinated units	\$0.5325	