

GLOBAL PARTNERS LP
Form 10-Q
May 09, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended March 31, 2018

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 001-32593

Global Partners LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation
or organization)

74-3140887
(I.R.S. Employer
Identification No.)

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P.O. Box 9161
800 South Street
Waltham, Massachusetts 02454-9161
(Address of principal executive offices, including zip code)

(781) 894-8800
(Registrant's telephone number, including area code)

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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The issuer had 33,995,563 common units outstanding as of May 7, 2018.

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Item 1. Financial Statements

GLOBAL PARTNERS LP

CONSOLIDATED BALANCE SHEETS

(In thousands, except unit data)

(Unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,693	\$ 14,858
Accounts receivable, net	417,657	417,263
Accounts receivable—affiliates	3,691	3,773
Inventories	392,950	350,743
Brokerage margin deposits	14,291	9,681
Derivative assets	9,823	3,840
Prepaid expenses and other current assets	86,075	77,977
Total current assets	936,180	878,135
Property and equipment, net	1,019,513	1,036,667
Intangible assets, net	53,968	56,545
Goodwill	312,258	312,401
Other assets	33,265	36,421
Total assets	\$ 2,355,184	\$ 2,320,169
Liabilities and partners' equity		
Current liabilities:		
Accounts payable	\$ 271,798	\$ 313,412
Working capital revolving credit facility—current portion	251,700	126,700
Environmental liabilities—current portion	5,006	5,009
Trustee taxes payable	37,960	110,321
Accrued expenses and other current liabilities	83,678	99,507
Derivative liabilities	12,498	13,708
Total current liabilities	662,640	668,657
Working capital revolving credit facility—less current portion	100,000	100,000
Revolving credit facility	196,000	196,000
Senior notes	662,444	661,774
Environmental liabilities—less current portion	51,514	52,968
Financing obligations	150,283	150,334

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Deferred tax liabilities	38,948	40,105
Other long-term liabilities	54,961	56,013
Total liabilities	1,916,790	1,925,851
Partners' equity		
Global Partners LP equity:		
Common unitholders 33,995,563 units issued and 33,652,198 outstanding at March 31, 2018 and 33,995,563 units issued and 33,645,092 outstanding at December 31, 2017)	443,694	399,399
General partner interest (0.67% interest with 230,303 equivalent units outstanding at March 31, 2018 and December 31, 2017)	(2,688)	(2,978)
Accumulated other comprehensive loss	(5,610)	(5,468)
Total Global Partners LP equity	435,396	390,953
Noncontrolling interest	2,998	3,365
Total partners' equity	438,394	394,318
Total liabilities and partners' equity	\$ 2,355,184	\$ 2,320,169

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

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GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data)

(Unaudited)

	Three Months Ended	
	March 31,	
	2018	2017
Sales	\$ 2,802,891	\$ 2,270,784
Cost of sales	2,658,561	2,130,757
Gross profit	144,330	140,027
Costs and operating expenses:		
Selling, general and administrative expenses	39,366	36,787
Operating expenses	74,049	67,213
Gain on trustee taxes	(52,627)	—
Amortization expense	2,468	2,261
Net loss (gain) on sale and disposition of assets	1,867	(11,862)
Total costs and operating expenses	65,123	94,399
Operating income	79,207	45,628
Interest expense	(21,445)	(23,287)
Income before income tax benefit	57,762	22,341
Income tax benefit	913	164
Net income	58,675	22,505
Net loss attributable to noncontrolling interest	367	441
Net income attributable to Global Partners LP	59,042	22,946
Less: General partner's interest in net income, including incentive distribution rights	396	154
Limited partners' interest in net income	\$ 58,646	