

MARTIN MIDSTREAM PARTNERS LP
Form 10-Q
April 29, 2015

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

FORM 10-Q

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

For the quarterly period ended March 31, 2015

OR

o 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

000-50056

MARTIN MIDSTREAM PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

4200 Stone Road

Kilgore, Texas 75662

(Address of principal executive offices, zip code)

05-0527861

(IRS Employer Identification No.)

Registrant's telephone number, including area code: (903) 983-6200

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 o

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 x

No o

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x

Accelerated filer o

Non-accelerated filer o (Do not check if a smaller reporting company)

Smaller reporting company o

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o

No x

The number of the registrant's Common Units outstanding at April 29, 2015, was 35,456,862.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MARTIN MIDSTREAM PARTNERS L.P.

CONSOLIDATED AND CONDENSED BALANCE SHEETS

(Unaudited)

(Dollars in thousands)

	March 31, 2015	December 31, 2014
Assets		
Cash	\$37	\$42
Accounts and other receivables, less allowance for doubtful accounts of \$2,260 and \$1,620, respectively	94,506	134,173
Product exchange receivables	232	3,046
Inventories	68,564	88,718
Due from affiliates	12,269	14,512
Other current assets	6,709	6,772
Assets held for sale	700	40,488
Total current assets	183,017	287,751
Property, plant and equipment, at cost	1,361,491	1,343,674
Accumulated depreciation	(361,650)	(345,397)
Property, plant and equipment, net	999,841	998,277
Goodwill	23,802	23,802
Investment in unconsolidated entities	134,146	134,506
Note receivable - Martin Energy Trading LLC	15,000	15,000
Other assets, net	76,351	81,465
	\$1,432,157	\$1,540,801
Liabilities and Partners' Capital		
Trade and other accounts payable	\$82,954	\$125,332
Product exchange payables	10,521	10,396
Due to affiliates	6,492	4,872
Income taxes payable	1,474	1,174
Other accrued liabilities	8,997	21,801
Total current liabilities	110,438	163,575
Long-term debt, net	849,367	888,887
Other long-term obligations	2,332	2,668
Total liabilities	962,137	1,055,130
Commitments and contingencies		
Partners' capital	470,020	485,671
	\$1,432,157	\$1,540,801

See accompanying notes to consolidated and condensed financial statements.

MARTIN MIDSTREAM PARTNERS L.P.
CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per unit amounts)

	Three Months Ended March 31,		
	2015	2014	
Revenues:			
Terminalling and storage *	\$33,797	\$31,801	
Marine transportation *	20,636	23,114	
Natural gas services	16,487	—	
Sulfur services	3,090	3,037	
Product sales: *			
Natural gas services	146,303	321,414	
Sulfur services	50,047	51,170	
Terminalling and storage	34,993	54,273	
	231,343	426,857	
Total revenues	305,353	484,809	
Costs and expenses:			
Cost of products sold: (excluding depreciation and amortization)			
Natural gas services *	137,707	309,419	
Sulfur services *	36,023	37,853	
Terminalling and storage *	30,082	48,029	
	203,812	395,301	
Expenses:			
Operating expenses *	45,306	42,900	
Selling, general and administrative *	8,806	8,456	
Depreciation and amortization	22,717	13,609	
Total costs and expenses	280,641	460,266	
Other operating loss	(10) (45)
Operating income	24,702	24,498	
Other income (expense):			
Equity in earnings (loss) of unconsolidated entities	1,740	(296)
Interest expense, net	(10,546) (11,451)
Other, net	437	(67)
Total other expense	(8,369) (11,814)
Net income before taxes	16,333	12,684	
Income tax expense	(300) (300)
Income from continuing operations	16,033	12,384	
Income (loss) from discontinued operations, net of income taxes	1,215	(589)
Net income	17,248	11,795	
Less general partner's interest in net income	(4,238) (236)
Less income allocable to unvested restricted units	(67) (32)
Limited partners' interest in net income	\$12,943	\$11,527	

See accompanying notes to consolidated and condensed financial statements.

*Related Party Transactions Shown Below

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MARTIN MIDSTREAM PARTNERS L.P.
 CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per unit amounts)

*Related Party Transactions Included Above

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Terminalling and storage	\$20,474	\$18,010
Marine transportation	6,745	5,849
Product Sales	1,589	1,892
Costs and expenses:		
Cost of products sold: (excluding depreciation and amortization)		
Natural gas services	6,918	8,453
Sulfur services	3,624	4,865
Terminalling and storage	5,402	9,844
Expenses:		
Operating expenses	20,400	18,239
Selling, general and administrative	5,994	5,384

See accompanying notes to consolidated and condensed financial statements.

MARTIN MIDSTREAM PARTNERS L.P.
 CONSOLIDATED AND CONDENSED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollars in thousands, except per unit amounts)

	Three Months Ended March 31,	
	2015	2014
Allocation of net income (loss) attributable to:		
Limited partner interest:		
Continuing operations	\$ 12,031	\$ 12,103
Discontinued operations	912	(576)
	\$ 12,943	\$ 11,527
General partner interest:		
Continuing operations	\$ 3,939	\$ 248
Discontinued operations	299	(12)
	\$ 4,238	\$ 236
Net income (loss) per unit attributable to limited partners:		
Basic:		
Continuing operations	\$ 0.34	\$ 0.45
Discontinued operations	0.03	(0.02)
	\$ 0.37	\$ 0.43
Weighted average limited partner units - basic	35,317	26,572
Diluted:		
Continuing operations	\$ 0.34	\$ 0.45
Discontinued operations	0.03	(0.02)
	\$ 0.37	\$ 0.43
Weighted average limited partner units - diluted	35,360	26,605

MARTIN MIDSTREAM PARTNERS L.P.
CONSOLIDATED AND CONDENSED STATEMENTS OF CAPITAL
(Unaudited)
(Dollars in thousands)

	Partners' Capital Common Limited		General Partner Amount	Total
	Units	Amount		
Balances - January 1, 2014	26,625,026	\$254,028	\$6,389	\$260,417
Net income	—	11,559	236	11,795
Issuance of common units	132,580	5,235	—	5,235
Issuance of restricted units	6,400	—	—	—
Forfeiture of restricted units	(2,750)) —	—	—
General partner contribution	—	—	114	114
Cash distributions	—	(20,898)) (472)) (21,370)
Unit-based compensation	—	179	—	179
Purchase of treasury units	(6,400)) (277)) —) (277)
Balances - March 31, 2014	26,754,856	\$249,826	\$6,267	\$256,093
Balances - January 1, 2015	35,365,912	\$470,943	\$14,728	\$485,671
Net income	—	13,010	4,238	17,248
Issuance of common units	—	(145)) —	(145)
Issuance of restricted units	91,950	—	—	—
Forfeiture of restricted units	(1,000)) —	—	—
General partner contribution	—	—	55	55
Cash distributions	—	(28,803)) (4,405)) (33,208)
Unit-based compensation	—	399	—	399
Balances - March 31, 2015	35,456,862	\$455,404	\$14,616	\$470,020

See accompanying notes to consolidated and condensed financial statements.