

CVR PARTNERS, LP  
Form 10-Q  
July 30, 2015  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 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 June 30, 2015

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: 001-35120

CVR Partners, LP  
(Exact name of registrant as specified in its charter)  
Delaware  
(State or other jurisdiction of incorporation or organization)  
2277 Plaza Drive, Suite 500  
Sugar Land, Texas  
(Address of principal executive offices)  
(281) 207-3200  
(Registrant’s telephone number, including area code)

56-2677689  
(I.R.S. Employer Identification No.)  
77479  
(Zip 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 (§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  Accelerated filer  Non-accelerated filer  Smaller reporting company

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(Do not check if smaller reporting  
company.)

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

Yes  No

There were 73,122,997 common units outstanding at July 28, 2015.

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CVR PARTNERS, LP AND SUBSIDIARIES

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For The Quarter Ended June 30, 2015

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GLOSSARY OF SELECTED TERMS

The following are definitions of certain terms used in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (this “Report”):

ammonia	Ammonia is a direct application fertilizer and is primarily used as a building block for other nitrogen products for industrial applications and finished fertilizer products.
capacity	Capacity is defined as the throughput a process unit is capable of sustaining, either on a calendar or stream day basis. The throughput may be expressed in terms of maximum sustainable, nameplate or economic capacity. The maximum sustainable or nameplate capacities may not be the most economical. The economic capacity is the throughput that generally provides the greatest economic benefit based on considerations such as feedstock costs, product values and downstream unit constraints.
catalyst	A substance that alters, accelerates, or instigates chemical changes, but is neither produced, consumed nor altered in the process.
Coffeyville Resources or CRLLC	Coffeyville Resources, LLC, the subsidiary of CVR Energy which directly owns our general partner and 38,920,000 common units, or approximately 53% of our common units.
common units	Common units representing limited partner interests of CVR Partners, LP.
corn belt	The primary corn producing region of the United States, which includes Illinois, Indiana, Iowa, Minnesota, Missouri, Nebraska, Ohio and Wisconsin.
CVR Energy	CVR Energy, Inc., a publicly traded company listed on the New York Stock Exchange under the ticker symbol “CVI,” which indirectly owns our general partner and the common units owned by CRLLC.
CVR Refining	CVR Refining, LP, a publicly traded limited partnership listed on the New York Stock Exchange under the ticker symbol “CVRR,” which currently owns and operates a complex full coking medium-sour crude oil refinery with a rated capacity of 115,000 barrels per calendar day (bpcd) in Coffeyville, Kansas, a complex crude oil refinery with a rated capacity of 70,000 bpcd in Wynnewood, Oklahoma and ancillary businesses.
farm belt	Refers to the states of Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Texas and Wisconsin.
feedstocks	Petroleum coke and petroleum products (such as crude oil and natural gas liquids) that are processed and blended into refined products, such as gasoline, diesel fuel and jet fuel, which are produced by a refinery.

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general partner	CVR GP, LLC, our general partner, which is a wholly-owned subsidiary of Coffeyville Resources, LLC.
Initial Public Offering	The initial public offering of CVR Partners, LP common units that closed on April 13, 2011.
MMbtu	One million British thermal units: a measure of energy. One Btu of heat is required to raise the temperature of one pound of water one degree Fahrenheit.
MSCF	One thousand standard cubic feet, a customary gas measurement.
netback	Netback represents net sales less freight revenue divided by product sales volume in tons. Netback is also referred to as product pricing at gate.
on-stream	Measurement of the reliability of the gasification, ammonia and UAN units, defined as the total number of hours operated by each unit divided by the total number of hours in the reporting period.
pet coke	Petroleum coke - a coal-like substance that is produced during the oil refining process.
product pricing at gate	Product pricing at gate represents net sales less freight revenue divided by product sales volume in tons. Product pricing at gate is also referred to as netback.

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Secondary Offering	The registered public offering of 12,000,000 common units of CVR Partners, LP, by CRLLC, which closed on May 28, 2013.
throughput	The volume processed through a unit.
ton	One ton is equal to 2,000 pounds.
turnaround	A periodically required standard procedure to refurbish and maintain a facility that involves the shutdown and inspection of major processing units.
UAN	UAN is an aqueous solution of urea and ammonium nitrate used as a fertilizer.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2015 (unaudited) (in thousands, except unit data)	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$66,981	\$79,914
Accounts receivable, net of allowance for doubtful accounts of \$18 and \$34, at June 30, 2015 and December 31, 2014, respectively	10,397	7,136
Inventories	35,721	35,614
Prepaid expenses and other current assets, including \$876 and \$1,848 from affiliates at June 30, 2015 and December 31, 2014, respectively	4,687	6,914
Total current assets	117,786	129,578
Property, plant, and equipment, net of accumulated depreciation	397,828	404,934
Goodwill	40,969	40,969
Deferred financing costs, net	—	272
Other long-term assets, including \$882 and \$957 with affiliates at June 30, 2015 and December 31, 2014, respectively	3,376	3,086
Total assets	\$559,959	\$578,839
<b>LIABILITIES AND PARTNERS' CAPITAL</b>		
Current liabilities:		
Current portion of long-term debt	\$125,000	\$—
Accounts payable, including \$1,843 and \$2,279 due to affiliates at June 30, 2015 and December 31, 2014, respectively	14,637	12,747
Personnel accruals, including \$1,710 and \$1,129 with affiliates at June 30, 2015 and December 31, 2014, respectively	4,382	3,785
Deferred revenue	1,911	13,613
Accrued expenses and other current liabilities, including \$1,295 and \$2,094 with affiliates at June 30, 2015 and December 31, 2014, respectively	5,695	9,562
Total current liabilities	151,625	39,707
Long-term liabilities:		
Long-term debt, net of current portion	—	125,000
Other long-term liabilities	16	201
Total long-term liabilities	16	125,201
Commitments and contingencies		
Partners' capital:		
Common unitholders 73,122,997 units issued and outstanding at June 30, 2015 and December 31, 2014	408,932	414,968
General partner interest	1	1
Accumulated other comprehensive loss	(615)	(1,038)
Total partners' capital	408,318	413,931
Total liabilities and partners' capital	\$559,959	\$578,839
See accompanying notes to the condensed consolidated financial statements.		





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## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(unaudited)			
	(in thousands, except per unit data)			
Net sales	\$80,815	\$77,215	\$173,865	\$157,531
Operating costs and expenses:				
Cost of product sold (exclusive of depreciation and amortization) — Affiliates	2,184	2,327	4,002	4,573
Cost of product sold (exclusive of depreciation and amortization) — Third parties	13,240	17,109	37,191	36,571
	15,424	19,436	41,193	41,144
Direct operating expenses (exclusive of depreciation and amortization) — Affiliates	1,195	817	2,222	1,570
Direct operating expenses (exclusive of depreciation and amortization) — Third parties	23,951	26,100	47,338	49,536
	25,146	26,917	49,560	51,106
Selling, general and administrative expenses (exclusive of depreciation and amortization) — Affiliates	3,361	3,973	6,628	7,509
Selling, general and administrative expenses (exclusive of depreciation and amortization) — Third parties	1,162	1,297	2,478	2,415
	4,523	5,270	9,106	9,924
Depreciation and amortization	7,010	6,792	13,829	13,459
Total operating costs and expenses	52,103	58,415	113,688	115,633
Operating income	28,712	18,800	60,177	41,898
Other income (expense):				
Interest expense and other financing costs	(1,717 )	(1,669 )	(3,414 )	(3,328 )
Interest income	12	6	24	12
Other income, net	5	—	11	15
Total other income (expense)	(1,700 )	(1,663 )	(3,379 )	(3,301 )
Income before income tax expense	27,012	17,137	56,798	38,597
Income tax expense (benefit)	(4 )	7	8	14
Net income	\$27,016	\$17,130	\$56,790	\$38,583
Net income per common unit – basic	\$0.37	\$0.23	\$0.78	\$0.53
Net income per common unit – diluted	\$0.37	\$0.23	\$0.78	\$0.53
Weighted-average common units outstanding:				
Basic	73,123	73,113	73,123	73,113
Diluted	73,131	73,146	73,131	73,145

See accompanying notes to the condensed consolidated financial statements.



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## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(unaudited)			
	(in thousands)			
Net income	\$27,016	\$17,130	\$56,790	\$38,583
Other comprehensive income (loss):				
Change in fair value of interest rate swaps	(38	) (98	) (110	) (193
Net loss reclassified into income on settlement of interest rate swaps	266	273	533	541
Other comprehensive income (loss)	228	175	423	348
Total comprehensive income	\$27,244	\$17,305	\$57,213	\$38,931

See accompanying notes to the condensed consolidated financial statements.

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## CVR PARTNERS, LP AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL

	Common Units		General Partner Interest	Accumulated Other Comprehensive Income/(Loss)	Total
	Issued	Amount			
	(unaudited)				
	(in thousands, except unit data)				
Balance at December 31, 2014	73,122,997	\$414,968	\$ 1	\$ (1,038 )	\$413,931
Cash distributions to common unitholders – Affiliates	—	(33,471 )	—	—	(33,471 )
Cash distributions to common unitholders – Non-affiliates	—	(29,415 )	—	—	(29,415 )
Share-based compensation – Affiliates	—				