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- Net income of \$22.9 million
- EBITDA of \$71.9 million
- Adjusted EBITDA of \$60.1 million
- Distributable cash flow of \$44.2 million

WALTHAM, Mass.--(BUSINESS WIRE)--May 9, 2017-- Global Partners LP (NYSE: GLP) today reported financial results for the first quarter ended March 31, 2017.

“We posted a solid first quarter and continued to position the Partnership for growth,” said Global President and CEO Eric Slifka. “Over the past several quarters, we have focused on monetizing non-strategic assets, capitalizing on the value of our real estate portfolio and reducing costs. These steps, along with our recently restated credit agreement, have strengthened our financial position and increased our flexibility to invest in opportunities fundamental to our growth strategy.”

Net income attributable to the Partnership in the first quarter of 2017 was \$22.9 million, or \$0.68 per diluted limited partner unit, compared with a net loss attributable to the Partnership of \$7.0 million, or \$0.21 per limited partner unit, in the first quarter of 2016.

Earnings before interest, taxes, depreciation and amortization (EBITDA) in the first quarter of 2017 was \$71.9 million compared with EBITDA of \$42.6 million in the comparable period of 2016. Adjusted EBITDA was \$60.1 million in the first quarter of 2017 compared with Adjusted EBITDA of \$48.7 million in the same period of 2016.

Distributable cash flow (DCF) in the first quarter of 2017 was \$44.2 million compared with DCF of \$16.4 million in the same period of 2016. For the three months ended March 31, 2017, DCF includes a \$14.2 million gain on the sale of the Partnership’s natural gas marketing and electricity brokerage businesses and a \$2.3 million net loss on sale and disposition of assets. In the comparable period of 2016, DCF included a \$6.1 million net loss on sale and disposition of assets.

Gross profit in the first quarter of 2017 was \$140.0 million compared with \$130.1 million for the comparable period of 2016. Combined product margin, which is gross profit minus depreciation allocated to cost of sales, was \$162.4 million and \$154.5 million for the first quarters of 2017 and 2016, respectively.

The Gasoline Distribution and Station Operations (GDSO) segment product margin was \$106.1 million in the first quarter of 2017 versus \$108.3 million in the first quarter of 2016. The year-over-year decline was in part due to the sale of non-strategic sites, including those sold to Mirabito Holdings, Inc., partially offset by the addition of leased company operated sites.

Wholesale segment product margin was \$52.2 million in the first quarter of 2017 compared with \$39.2 million in the first quarter of 2016. This increase was primarily due to revenue related to a crude oil take-or-pay contract with one particular customer, a decrease in railcar lease expenses as a result of the Partnership’s early termination of a sublease and favorable market conditions in distillates.

Commercial segment product margin was \$4.2 million in the first quarter of 2017 compared with \$6.9 million for the same period in 2016. The year-over-year decrease was primarily due to the sale of the natural gas marketing and electricity brokerage businesses.

Sales in the first quarter of 2017 were \$2.3 billion compared with \$1.8 billion for the same period in 2016, due to an increase in prices. Wholesale segment sales were \$1.2 billion compared with \$910.2 million in the first quarter of 2016. Sales in the GDSO segment were \$843.2 million in the first quarter of 2017 versus \$701.3 million for the same period in 2016. Commercial segment sales were \$201.8 million compared with \$139.3 million in the first quarter of 2016.

Wholesale segment volume was 778.3 million gallons in the first quarter of 2017 compared with 815.0 million gallons for the same period of 2016. The decrease was primarily due to lower crude oil volume, partly offset by higher gasoline, gasoline blendstocks and distillates volume.

Volume in the GDSO segment was 366.1 million gallons in the first quarter of 2017 compared with 363.8 million gallons in the first quarter of 2016.

Commercial segment volume was 131.5 million gallons compared with 127.7 million gallons in the first quarter of 2016.

Combined product margin, EBITDA, Adjusted EBITDA, and DCF are non-GAAP (Generally Accepted Accounting Principles) financial measures, which are explained in greater detail below under "Use of Non-GAAP Financial Measures." Please refer to Financial Reconciliations included in this news release for reconciliations of these non-GAAP financial measures to their most directly comparable GAAP financial measures for the three months ended March 31, 2017 and 2016.

Recent Developments

- Global's Board of Directors announced a quarterly cash distribution of \$0.4625 per unit, or \$1.85 per unit on an annualized basis, on all of its outstanding common units for the period from January 1 to March 31, 2017. The distribution will be paid May 15, 2017 to unitholders of record as of the close of business on May 10, 2017.
- The Partnership entered into an amended and restated credit agreement that provides, in part, for aggregate commitments of \$1.3 billion, including an \$850.0 million revolving credit facility to be used for working capital purposes and a \$450.0 million revolving credit facility to be used for general corporate purposes. The credit agreement has a maturity date of April 30, 2020.

Business Outlook

"With our increased financial flexibility, we are better positioned to increase our investments in organic growth opportunities, raze-and-rebuilds, new-to-industry sites and acquisitions," Slifka said. "As always, we will be selective, focusing on accretive deals including those that leverage our integrated network of terminals and retail sites. We are also strengthening and expanding our retail assets through branding and marketing alliances, additional technology improvements and in-store enhancements designed to drive margin."

With respect to 2017 net income and net cash from operating activities, the most comparable financial measures to EBITDA calculated in accordance with GAAP, the Partnership is unable to project either metric without unreasonable effort and for the following reasons: 1) The Partnership is unable to project net income because this metric includes the impact of certain non-cash items, most notably those resulting from the divestiture program of non-strategic sites, which the Partnership is unable to project with any reasonable degree of accuracy; and 2) The Partnership is unable to project net cash from operating activities because this metric includes the impact of changes in commodity prices, including their impact on inventory volume and value, receivables, payables and derivatives, which the Partnership is unable to project with any reasonable degree of accuracy. Please see the "Use of Non-GAAP Financial Measures" section of this news release.

For full-year 2017, Global continues to expect to generate EBITDA of \$190 million to \$220 million, which guidance excludes the gain or loss on the sale and disposition of assets and any impairment charges. The Partnership's guidance and future performance are based on assumptions regarding market conditions such as the crude oil market, business cycles, demand for petroleum products and renewable fuels, utilization of assets and facilities, weather, credit markets, the regulatory and permitting environment and the forward product pricing curve, which could influence

quarterly financial results. The Partnership believes these assumptions are reasonable given currently available information and its assessment of historical trends. Because Global's assumptions and future performance are subject to a wide range of business risks and uncertainties, the Partnership can provide no assurance that actual performance will fall within guidance ranges.

Financial Results Conference Call

Management will review the Partnership's first-quarter 2017 financial results in a teleconference call for analysts and investors today.

Time: 10:00 a.m. ET
Dial-in numbers: (877) 709-8155 (U.S. and Canada)
(201) 689-8881 (International)

The call also will be webcast live and archived on Global's website.

Use of Non-GAAP Financial Measures

Product Margin

Global Partners views product margin as an important performance measure of the core profitability of its operations. The Partnership reviews product margin monthly for consistency and trend analysis. Global Partners defines product margin as product sales minus product costs. Product sales primarily include sales of unbranded and branded gasoline, distillates, residual oil, renewable fuels, crude oil, natural gas and propane, as well as convenience store sales, gasoline station rental income and revenue generated from logistics activities when the Partnership engages in the storage, transloading and shipment of products owned by others. Product costs include the cost of acquiring the refined petroleum products, renewable fuels, crude oil, natural gas and propane and all associated costs including shipping and handling costs to bring such products to the point of sale as well as product costs related to convenience store items and costs associated with logistics activities. The Partnership also looks at product margin on a per unit basis (product margin divided by volume). Product margin is a non-GAAP financial measure used by management and external users of the Partnership's consolidated financial statements to assess its business. Product margin should not be considered an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, product margin may not be comparable to product margin or a similarly titled measure of other companies.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are non-GAAP financial measures used as supplemental financial measures by management and may be used by external users of Global Partners' consolidated financial statements, such as investors, commercial banks and research analysts, to assess the Partnership's:

- compliance with certain financial covenants included in its debt agreements;
- financial performance without regard to financing methods, capital structure, income taxes or historical cost basis;
- ability to generate cash sufficient to pay interest on its indebtedness and to make distributions to its partners;
- operating performance and return on invested capital as compared to those of other companies in the wholesale, marketing, storing and distribution of refined petroleum products, renewable fuels, crude oil, natural gas and propane, and in the gasoline stations and convenience stores business, without regard to financing methods and capital structure; and
- viability of acquisitions and capital expenditure projects and the overall rates of return of alternative investment opportunities.

Adjusted EBITDA is EBITDA further adjusted for the gain or loss on the sale and disposition of assets and goodwill and long-lived asset impairment. EBITDA and Adjusted EBITDA should not be considered as alternatives to net income, operating income, cash flow from operating activities or any other measure of financial

performance or liquidity presented in accordance with GAAP. EBITDA and Adjusted EBITDA exclude some, but not all, items that affect net income, and these measures may vary among other companies. Therefore, EBITDA and Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Distributable Cash Flow

Distributable cash flow is an important non-GAAP financial measure for the Partnership's limited partners since it serves as an indicator of success in providing a cash return on their investment. Distributable cash flow as defined by the Partnership's partnership agreement is net income plus depreciation and amortization minus maintenance capital expenditures, as well as adjustments to eliminate items approved by the audit committee of the board of directors of the Partnership's general partner that are extraordinary or non-recurring in nature and that would otherwise increase distributable cash flow.

Distributable cash flow as used in the Partnership's partnership agreement determines its ability to make cash distributions on incentive distribution rights. The investment community also uses a distributable cash flow metric similar to the metric used in the partnership agreement with respect to publicly traded partnerships to indicate whether or not such partnerships have generated sufficient earnings on a current or historic level that can sustain or support an increase in quarterly cash distribution. The partnership agreement does not permit adjustments for certain non-cash items, such as net losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges.

Distributable cash flow should not be considered as an alternative to net income, operating income, cash flow from operations, or any other measure of financial performance presented in accordance with GAAP. In addition, distributable cash flow may not be comparable to distributable cash flow or similarly titled measures of other companies.

About Global Partners LP

Global Partners is a midstream logistics and marketing master limited partnership that owns, controls or has access to one of the largest terminal networks of petroleum products and renewable fuels in the Northeast. With approximately 1,500 locations, primarily in the Northeast, Global is one of the largest regional independent owners, suppliers and operators of gasoline stations and convenience stores. Global is also one of the largest distributors of gasoline, distillates, residual oil and renewable fuels to wholesalers, retailers and commercial customers in New England and New York. The Partnership is also engaged in the transportation of petroleum products and renewable fuels by rail from the mid-continental U.S. and Canada. For additional information, visit www.globalp.com.

Forward-looking Statements

Certain statements and information in this press release may constitute "forward-looking statements." The words "believe," "expect," "anticipate," "plan," "intend," "foresee," "should," "would," "could" or other similar expressions are intended to identify forward-looking statements, which are generally not historical in nature. These forward-looking statements are based on Global Partners' current expectations and beliefs concerning future developments and their potential effect on the Partnership. While management believes that these forward-looking statements are reasonable as and when made, there can be no assurance that future developments affecting the Partnership will be those that it anticipates. All comments concerning the Partnership's expectations for future revenues and operating results are based on forecasts for its existing operations and do not include the potential impact of any future acquisitions. Forward-looking statements involve significant risks and uncertainties (some of which are beyond the Partnership's control) and assumptions that could cause actual results to differ materially from the Partnership's historical experience and present expectations or projections.

For additional information regarding known material factors that could cause actual results to differ from the Partnership's projected results, please see Global Partners' filings with the SEC, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date hereof. The Partnership undertakes 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.

GLOBAL PARTNERS LP

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per unit data)

(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Sales	\$2,270,784	\$1,750,812
Cost of sales	<u>2,130,757</u>	<u>1,620,753</u>
Gross profit	140,027	130,059
Costs and operating expenses:		
Selling, general and administrative expenses	36,787	34,984
Operating expenses	67,213	72,236
Amortization expense	2,261	2,509
Net (gain) loss on sale and disposition of assets	<u>(11,862)</u>	<u>6,105</u>
Total costs and operating expenses	<u>94,399</u>	<u>115,834</u>
Operating income	45,628	14,225
Interest expense	<u>(23,287)</u>	<u>(22,980)</u>
Income (loss) before income tax benefit	22,341	(8,755)
Income tax benefit	<u>164</u>	<u>920</u>
Net income (loss)	22,505	(7,835)
Net loss attributable to noncontrolling interest	<u>441</u>	<u>811</u>
Net income (loss) attributable to Global Partners LP	22,946	(7,024)
Less: General partner's interest in net income (loss), including incentive distribution rights	<u>154</u>	<u>(47)</u>
Limited partners' interest in net income (loss)	<u>\$ 22,792</u>	<u>\$ (6,977)</u>
Basic net income (loss) per limited partner unit (1)	<u>\$ 0.68</u>	<u>\$ (0.21)</u>
Diluted net income (loss) per limited partner unit (1)	<u>\$ 0.68</u>	<u>\$ (0.21)</u>
Basic weighted average limited partner units outstanding	<u>33,554</u>	<u>33,517</u>
Diluted weighted average limited partner units outstanding (2)	<u>33,610</u>	<u>33,517</u>

(1) Under the Partnership's partnership agreement, for any quarterly period, the incentive distribution rights ("IDRs") participate in net income only to the extent of the amount of cash distributions actually declared, thereby excluding the IDRs from participating in the Partnership's undistributed net income or losses. Accordingly, the Partnership's undistributed net income is assumed to be allocated to the limited partners' interest and to the General Partner's general partner interest. Limited partners' interest in net income is divided by the weighted average limited partner units outstanding in computing the net income per limited partner unit.

(2) Basic units were used to calculate diluted net loss per limited partner unit for the three months ended March 31, 2016, as using the effects of phantom units would have an anti-dilutive effect on net income per limited partner unit.

GLOBAL PARTNERS LP
CONSOLIDATED BALANCE SHEETS
(In thousands)
(Unaudited)

	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 14,126	\$ 10,028
Accounts receivable, net	312,314	421,360
Accounts receivable - affiliates	2,957	3,143
Inventories	433,952	521,878
Brokerage margin deposits	18,886	27,653
Derivative assets	2,720	21,382
Prepaid expenses and other current assets	71,110	70,022
Total current assets	856,065	1,075,466
Property and equipment, net	1,074,465	1,099,899
Intangible assets, net	62,443	65,013
Goodwill	292,773	294,768
Other assets	42,583	28,874
 Total assets	<u>\$2,328,329</u>	<u>\$ 2,564,020</u>

Liabilities and partners' equity

Current liabilities:		
Accounts payable	\$ 232,125	\$ 320,262
Working capital revolving credit facility - current portion	176,900	274,600
Environmental liabilities - current portion	5,339	5,341
Trustee taxes payable	98,955	101,166
Accrued expenses and other current liabilities	59,171	70,443
Derivative liabilities	4,986	27,413
Total current liabilities	577,476	799,225
Working capital revolving credit facility - less current portion	150,000	150,000
Revolving credit facility	200,700	216,700
Senior notes	659,805	659,150
Environmental liabilities - less current portion	55,105	57,724
Financing obligations	152,466	152,444
Deferred tax liabilities	65,296	66,054
Other long-term liabilities	62,173	64,882
Total liabilities	1,923,021	2,166,179
Partners' equity		
Global Partners LP equity	400,563	392,655
Noncontrolling interest	4,745	5,186
Total partners' equity	405,308	397,841
 Total liabilities and partners' equity	<u>\$2,328,329</u>	<u>\$ 2,564,020</u>

GLOBAL PARTNERS LP
FINANCIAL RECONCILIATIONS
(In thousands)
(Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Reconciliation of gross profit to product margin		
Wholesale segment:		
Gasoline and gasoline blendstocks	\$ 15,385	\$ 16,362
Crude oil	6,892	(2,373)
Other oils and related products	29,873	25,249
Total	52,150	39,238
Gasoline Distribution and Station Operations segment:		
Gasoline distribution	67,155	65,387
Station operations	38,895	42,925
Total	106,050	108,312
Commercial segment	4,189	6,910
Combined product margin	162,389	154,460
Depreciation allocated to cost of sales	(22,362)	(24,401)
Gross profit	<u>\$140,027</u>	<u>\$130,059</u>

Reconciliation of net income (loss) to EBITDA and Adjusted EBITDA

Net income (loss)	\$ 22,505	\$ (7,835)
Net loss attributable to noncontrolling interest	441	811
Net income (loss) attributable to Global Partners LP	22,946	(7,024)
Depreciation and amortization, excluding the impact of noncontrolling interest	25,851	27,536
Interest expense, excluding the impact of noncontrolling interest	23,287	22,980
Income tax benefit	(164)	(920)
EBITDA	71,920	42,572
Net (gain) loss on sale and disposition of assets	(11,862)	6,105
Adjusted EBITDA	<u>\$ 60,058</u>	<u>\$ 48,677</u>

Reconciliation of net cash provided by (used in) operating activities to EBITDA and Adjusted EBITDA

Net cash provided by (used in) operating activities	\$117,565	\$ (53,516)
Net changes in operating assets and liabilities and certain non-cash items	(68,696)	74,350
Net cash from operating activities and changes in operating assets and liabilities attributable to noncontrolling interest	(72)	(322)
Interest expense, excluding the impact of noncontrolling interest	23,287	22,980
Income tax benefit	(164)	(920)
EBITDA	71,920	42,572
Net (gain) loss on sale and disposition of assets	(11,862)	6,105
Adjusted EBITDA	<u>\$ 60,058</u>	<u>\$ 48,677</u>

Reconciliation of net income (loss) to distributable cash flow

Net income (loss)	\$ 22,505	\$ (7,835)
Net loss attributable to noncontrolling interest	441	811
Net income (loss) attributable to Global Partners LP	22,946	(7,024)
Depreciation and amortization, excluding the impact of noncontrolling interest	25,851	27,536
Amortization of deferred financing fees and senior notes discount	1,891	1,772
Amortization of routine bank refinancing fees	(1,167)	(1,077)
Maintenance capital expenditures, excluding the impact of noncontrolling interest	(5,347)	(4,826)
Distributable cash flow (1)(2)	<u>\$ 44,174</u>	<u>\$ 16,381</u>

Reconciliation of net cash provided by (used in) operating activities to distributable cash flow

Net cash provided by (used in) operating activities	\$117,565	\$ (53,516)
Net changes in operating assets and liabilities and certain non-cash items	(68,696)	74,350
Net cash from operating activities and changes in operating		

assets and liabilities attributable to noncontrolling interest	(72)	(322)
Amortization of deferred financing fees and senior notes discount	1,891	1,772
Amortization of routine bank refinancing fees	(1,167)	(1,077)
Maintenance capital expenditures, excluding the impact of noncontrolling interest	(5,347)	(4,826)
Distributable cash flow (1)(2)	<u>\$ 44,174</u>	<u>\$ 16,381</u>

(1) As defined by the Partnership's partnership agreement, distributable cash flow is not adjusted for certain non-cash items, such as net losses on the sale and disposition of assets and goodwill and long-lived asset impairment charges.

(2) Distributable cash flow includes a net loss on sale and disposition of assets of \$2.3 million and \$6.1 million for the three months ended March 31, 2017 and 2016, respectively. Excluding these charges, distributable cash flow would have been \$46.5 million and \$22.5 million for the three months ended March 31, 2017 and 2016, respectively. For the three months ended March 31, 2017, distributable cash flow also includes a \$14.2 million gain on the sale of the Partnership's natural gas marketing and electricity brokerage businesses in February 2017.

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Source: Global Partners LP

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