

NATURAL RESOURCE PARTNERS LP
Form 10-Q
August 09, 2018

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 June 30, 2018

or

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

Commission file number: 001-31465

NATURAL RESOURCE PARTNERS L.P.
(Exact name of registrant as specified in its charter)

Delaware 35-2164875
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
1201 Louisiana Street, Suite 3400
Houston, Texas 77002
(Address of principal executive offices)
(Zip Code)
(713) 751-7507
(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 (§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, smaller reporting company, or an emerging growth company. See definition of "accelerated filer", "large 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.

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

At August 6, 2018 there were 12,245,920 Common Units outstanding.

NATURAL RESOURCE PARTNERS, L.P.
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PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED BALANCE SHEETS

	June 30, 2018 (Unaudited)	December 31, 2017
(In thousands, except unit data)		
ASSETS		
Current assets		
Cash and cash equivalents	\$52,975	\$29,827
Accounts receivable, net	59,312	47,026
Accounts receivable—affiliates	140	161
Inventory	8,048	7,553
Prepaid expenses and other	4,391	5,838
Current assets of discontinued operations	988	991
Total current assets	125,854	91,396
Land	24,809	25,247
Plant and equipment, net	47,917	46,170
Mineral rights, net	873,716	883,885
Intangible assets, net	47,924	49,554
Equity in unconsolidated investment	245,524	245,433
Long-term contracts receivable	39,878	40,776
Other assets	6,184	6,547
Other assets—affiliate	—	156
Total assets	\$1,411,806	\$1,389,164
LIABILITIES AND CAPITAL		
Current liabilities		
Accounts payable	\$7,801	\$6,957
Accounts payable—affiliates	1,453	562
Accrued liabilities	12,848	16,890
Accrued liabilities—affiliates	—	515
Accrued interest	14,609	15,484
Current portion of deferred revenue	2,732	—
Current portion of long-term debt, net	75,188	79,740
Current liabilities of discontinued operations	—	401
Total current liabilities	114,631	120,549
Deferred revenue	17,136	100,605
Long-term debt, net	723,147	729,608
Other non-current liabilities	2,385	2,808
Other non-current liabilities—affiliate	—	346
Total liabilities	857,299	953,916
Commitments and contingencies (see Note 15)		
Class A Convertible Preferred Units (250,000 and 258,844 units issued and outstanding at June 30, 2018 and December 31, 2017, respectively, at \$1,000 par value per unit; liquidation preference of \$1,500 per unit)	164,587	173,431
Partners' capital		

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Common unitholders' interest (12,245,920 and 12,232,006 units issued and outstanding at June 30, 2018 and December 31, 2017, respectively)	326,125	199,851
General partner's interest	4,427	1,857
Warrant holders' interest	66,816	66,816
Accumulated other comprehensive loss	(4,872) (3,313)
Total partners' capital	392,496	265,211
Non-controlling interest	(2,576) (3,394)
Total capital	389,920	261,817
Total liabilities and capital	\$1,411,806	\$1,389,164

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

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NATURAL RESOURCE PARTNERS L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended		
	June 30,	2017	June 30,	2017	
(In thousands, except per unit data)	2018	2017	2018	2017	
Revenues and other income					
Coal royalty and other	\$48,711	\$32,768	\$94,684	\$	67,762
Coal royalty and other—affiliates	188	11,338	425	22,843	
Transportation and processing services	5,002	4,146	10,385	4,146	
Transportation and processing services—affiliate	—	1,374	—	6,013	
Construction aggregates	34,233	27,363	60,657	52,846	
Road construction and asphalt paving services	6,176	6,192	6,904	7,930	
Equity in earnings of Ciner Wyoming	16,529	8,389	26,150	18,683	
Gain on asset sales, net	210	3,361	870		Household Products 2.5%
Clorox Co. (The)		14,476	\$	745,224	
Procter & Gamble Co.		149,558		7,042,686	
			\$	7,787,910	
Industrial Conglomerates 1.5%					
General Electric Co.		406,584	\$	4,110,564	
Textron, Inc.		73,458		421,649	
			\$	4,532,213	
Insurance 2.7%					
ACE, Ltd.		3,764	\$	152,066	
Allianz SE ADR		20,906		174,774	
AON Corp.		26,692		1,089,567	
Cincinnati Financial Corp.		34,819		796,311	
First American Corp.		13,676		362,551	
Marsh & McLennan Cos., Inc.		50,188		1,016,307	
MetLife, Inc.		64,118		1,459,967	
PartnerRe, Ltd.		5,273		327,295	
Principal Financial Group, Inc.		45,241		370,071	
Travelers Companies, Inc. (The)		65,950		2,680,208	
			\$	8,429,117	
Internet Software & Services 2.1%					
Akamai Technologies, Inc. ⁽¹⁾		66,844	\$	1,296,774	
Google, Inc., Class A ⁽¹⁾		12,812		4,459,345	

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VeriSign, Inc. ⁽¹⁾	43,013		811,655
		\$	6,567,774

IT Services 0.6%

Automatic Data Processing, Inc.	37,355	\$	1,313,402
Fidelity National Information Services, Inc.	33,633		612,121
		\$	1,925,523

Leisure Equipment & Products 0.4%

Eastman Kodak Co.	45,646	\$	173,455
Mattel, Inc.	91,150		1,050,959
		\$	1,224,414

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	Shares	Value
Security		
Life Sciences Tools & Services 0.4%		
Thermo Fisher Scientific, Inc. ⁽¹⁾	31,697	\$ 1,130,632
		\$ 1,130,632
Machinery 0.9%		
Caterpillar, Inc.	29,844	\$ 834,438
Eaton Corp.	24,497	902,959
Ingersoll-Rand Co., Ltd., Class A	74,851	1,032,944
		\$ 2,770,341
Media 2.5%		
Comcast Corp., Class A	183,696	\$ 2,505,613
Interpublic Group of Cos., Inc. ⁽¹⁾	54,079	222,805
McGraw-Hill Cos., Inc. (The)	76,076	1,739,858
Omnicom Group, Inc.	39,439	922,873
Walt Disney Co. (The)	134,372	2,440,196
		\$ 7,831,345
Metals & Mining 0.8%		
AK Steel Holding Corp.	25,694	\$ 182,941
Allegheny Technologies, Inc.	16,248	356,319
Nucor Corp.	36,386	1,388,854
United States Steel Corp.	27,740	586,146
		\$ 2,514,260
Multiline Retail 1.0%		
Big Lots, Inc. ⁽¹⁾	31,816	\$ 661,136
JC Penney Co., Inc.	21,827	438,068
Macy's, Inc.	117,735	1,047,842
Nordstrom, Inc.	49,817	834,435
		\$ 2,981,481
Multi-Utilities 2.8%		
CenterPoint Energy, Inc.	17,504	\$ 182,567
CMS Energy Corp.	141,552	1,675,976
Dominion Resources, Inc.	64,318	1,993,215
DTE Energy Co.	10,342	286,473
Integrus Energy Group, Inc.	10,554	274,826
NiSource, Inc.	33,766	330,907
NorthWestern Corp.	25,000	537,000
Public Service Enterprise Group, Inc.	74,528	2,196,340
TECO Energy, Inc.	92,229	1,028,353

Xcel Energy, Inc.

12,009

223,728

\$ 8,729,385

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	Shares	Value
Security		
Oil, Gas & Consumable Fuels 12.2%		
Chevron Corp.	112,108	\$ 7,538,142
ConocoPhillips	86,404	3,383,581
El Paso Corp.	53,383	333,644
EOG Resources, Inc.	30,242	1,656,052
Exxon Mobil Corp.	251,497	17,126,946
Foundation Coal Holdings, Inc.	18,804	269,837
Occidental Petroleum Corp.	57,279	3,187,576
Peabody Energy Corp.	43,269	1,083,456
Petrohawk Energy Corp. ⁽¹⁾	16,345	314,314
Pioneer Natural Resources Co.	31,168	513,337
Range Resources Corp.	24,056	990,145
Tesoro Corp.	39,997	538,760
Williams Cos., Inc.	105,980	1,206,052
		\$ 38,141,842
Paper & Forest Products 0.1%		
International Paper Co.	23,471	\$ 165,236
		\$ 165,236
Personal Products 0.6%		
Alberto-Culver Co.	32,950	\$ 745,000
Estee Lauder Cos., Inc., Class A	45,196	1,114,081
		\$ 1,859,081
Pharmaceuticals 8.9%		
Abbott Laboratories	95,292	\$ 4,545,428
Bristol-Myers Squibb Co.	134,922	2,957,490
Johnson & Johnson	138,292	7,274,159
Merck & Co., Inc.	103,885	2,778,924
Pfizer, Inc.	369,780	5,036,404
Schering-Plough Corp.	65,508	1,542,713
Wyeth	82,730	3,560,699
		\$ 27,695,817
Professional Services 0.2%		
Monster Worldwide, Inc. ⁽¹⁾	19,900	\$ 162,185
Robert Half International, Inc.	28,288	504,375
		\$ 666,560
Real Estate Investment Trusts (REITs) 0.4%		
Apartment Investment and Management Co., Class A	27,907	\$ 152,930

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Kimco Realty Corp.	78,276	596,463
Plum Creek Timber Co., Inc.	12,612	366,631
ProLogis	35,540	231,010
Simon Property Group, Inc.	704	24,387
		\$ 1,371,421
Real Estate Management & Development 0.1%		
CB Richard Ellis Group, Inc., Class A ⁽¹⁾	55,825	\$ 224,975
		\$ 224,975

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	Shares	Value
Security		
Road & Rail 1.0%		
CSX Corp.	22,133	\$ 572,138
JB Hunt Transport Services, Inc.	9,165	220,968
Norfolk Southern Corp.	60,275	2,034,281
Ryder System, Inc.	6,315	178,778
		\$ 3,006,165
Semiconductors & Semiconductor Equipment 2.9%		
Analog Devices, Inc.	9,079	\$ 174,952
Applied Materials, Inc.	180,620	1,941,665
Intel Corp.	246,609	3,711,465
MEMC Electronic Materials, Inc. ⁽¹⁾	58,096	958,003
Microchip Technology, Inc.	84,002	1,780,002
NVIDIA Corp. ⁽¹⁾	46,376	457,267
Teradyne, Inc. ⁽¹⁾	34,622	151,644
		\$ 9,174,998
Software 4.3%		
Adobe Systems, Inc. ⁽¹⁾	32,525	\$ 695,710
Citrix Systems, Inc. ⁽¹⁾	7,719	174,758
Microsoft Corp.	414,202	7,608,891
Novell, Inc. ⁽¹⁾	45,275	192,872
Oracle Corp. ⁽¹⁾	197,923	3,576,469
Quest Software, Inc. ⁽¹⁾	17,700	224,436
Symantec Corp. ⁽¹⁾	60,209	899,522
		\$ 13,372,658
Specialty Retail 2.1%		
Abercrombie & Fitch Co., Class A	12,165	\$ 289,527
AutoNation, Inc. ⁽¹⁾	24,047	333,772
GameStop Corp., Class A ⁽¹⁾	20,912	585,954
Home Depot, Inc.	94,803	2,233,559
Limited Brands, Inc.	19,874	172,904
RadioShack Corp.	19,049	163,250
Sherwin-Williams Co. (The)	13,337	693,124
Staples, Inc.	88,922	1,610,377
Tiffany & Co.	23,218	500,580
		\$ 6,583,047
Textiles, Apparel & Luxury Goods 0.8%		
Jones Apparel Group, Inc.	47,524	\$ 200,551
Nike, Inc., Class B	47,513	2,227,885

		\$ 2,428,436
Tobacco 1.8%		
Altria Group, Inc.	76,383	\$ 1,223,656
Philip Morris International, Inc.	116,258	4,136,460
Reynolds American, Inc.	6,000	215,040
		\$ 5,575,156

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Security	Shares	Value		
Trading Companies & Distributors 0.1%				
Fastenal Co.	6,000	\$ 192,930		
		\$ 192,930		
Wireless Telecommunication Services 0.1%				
Vodafone Group PLC ADR	17,696	\$ 308,264		
		\$ 308,264		
Total Common Stocks (identified cost \$361,391,534)		\$ 321,508,283		
Total Investments 103.1% (identified cost \$361,391,534)		\$ 321,508,283		
Covered Call Options Written (3.4)%				
	Number of Contracts	Strike Price	Expiration Date	Value
S&P 500 Index	1,107	\$ 785	4/18/09	\$ (3,763,800)
S&P 500 Index	1,910	790	4/18/09	(5,634,500)
S&P 500 Index	773	815	4/18/09	(1,391,400)
Total Covered Call Options Written (premiums received \$9,206,298)				\$ (10,789,700)
Other Assets, Less Liabilities 0.3%				\$ 1,070,384
Net Assets 100.0%				\$ 311,788,967

ADR - American Depository Receipt

(1) Non-income producing security.

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The cost and unrealized appreciation (depreciation) of investments of the Fund at March 31, 2009, as determined on a federal income tax basis, were as follows:

Aggregate cost	\$ 361,390,264
Gross unrealized appreciation	\$ 14,163,298
Gross unrealized depreciation	(54,045,279)
Net unrealized depreciation	\$ (39,881,981)

Written call options activity for the fiscal year to date ended March 31, 2009 was as follows:

	Number of Contracts	Premiums Received
Outstanding, beginning of period	3,688	\$ 14,192,036
Options written	11,460	31,961,437
Options terminated in closing purchase transactions	(11,358)	(36,947,175)
Outstanding, end of period	3,790	\$ 9,206,298

All of the assets of the Fund are subject to segregation to satisfy the requirements of the escrow agent. At March 31, 2009, the Fund had sufficient cash and/or securities to cover commitments under these contracts.

The Fund is subject to equity price risk in the normal course of pursuing its investment objective. The Fund generally intends to write index call options above the current value of the index to generate premium income. In writing index call options, the Fund in effect, sells potential appreciation in the value of the applicable index above the exercise price in exchange for the option premium received. The Fund retains the risk of loss, minus the premium received, should the price of the underlying index decline.

At March 31, 2009, the aggregate fair value of derivative instruments in an asset position and in a liability position and whose primary underlying risk exposure is equity price risk was none and \$10,789,700, respectively.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements, established a three-tier hierarchy to prioritize the assumptions, referred to as inputs, used in valuation techniques to measure fair value. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including a fund's own assumptions in determining the fair value of investments)

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The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

At March 31, 2009, the inputs used in valuing the Fund's investments, which are carried at value, were as follows:

	Valuation Inputs	Investments in Securities	Other Financial Instruments*
Level 1	Quoted Prices	\$ 321,508,283	\$ (10,789,700)
	Other Significant Observable		
Level 2	Inputs		
Level 3	Significant Unobservable Inputs		
Total		\$ 321,508,283	\$ (10,789,700)

* Other financial instruments include written call options.

The Fund held no investments or other financial instruments as of December 31, 2008 whose fair value was determined using Level 3 inputs.

Exchange-traded options are valued at the last sale price for the day of valuation as quoted on any exchange on which the option is listed or, in the absence of sales on such date, at the mean between the closing bid and asked prices therefore as reported by the Options Price Reporting Authority. Over-the-counter options are valued based on broker quotations, when available and deemed reliable.

For additional information on the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements included in its semiannual or annual report to shareholders.

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Item 2. Controls and Procedures

(a) It is the conclusion of the registrant's principal executive officer and principal financial officer that the effectiveness of the registrant's current disclosure controls and procedures (such disclosure controls and procedures having been evaluated within 90 days of the date of this filing) provide reasonable assurance that the information required to be disclosed by the registrant on this Form N-Q has been recorded, processed, summarized and reported within the time period specified in the Commission's rules and forms and that the information required to be disclosed by the registrant on this Form N-Q has been accumulated and communicated to the registrant's principal executive officer and principal financial officer in order to allow timely decisions regarding required disclosure.

(b) There have been no changes in the registrant's internal controls over financial reporting during the fiscal quarter for which the report is being filed that have materially affected, or are reasonably likely to materially affect the registrant's internal control over financial reporting.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Eaton Vance Tax-Managed Buy-Write Income Fund

By: /s/ Duncan W. Richardson

Duncan W. Richardson
President

Date: May 20, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Duncan W. Richardson

Duncan W. Richardson
President

Date: May 20, 2009

By: /s/ Barbara E. Campbell

Barbara E. Campbell
Treasurer

Date: May 20, 2009