

CEDAR FAIR L P
Form 10-Q
May 03, 2017
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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 March 26, 2017

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: 1-9444

CEDAR FAIR, L.P.

(Exact name of registrant as specified in its charter)

DELAWARE 34-1560655
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
One Cedar Point Drive, Sandusky, Ohio 44870-5259
(Address of principal executive offices) (Zip Code)
(419) 626-0830
(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, 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

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Title of Class	Units Outstanding as of May 1, 2017
Units Representing Limited Partner Interests	56,235,646

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	3/26/2017	12/31/2016	3/27/2016
ASSETS			
Current Assets:			
Cash and cash equivalents	\$34,242	\$122,716	\$64,551
Receivables	28,585	35,414	33,914
Inventories	39,318	26,276	38,455
Prepaid advertising	20,046	1,571	18,929
Other current assets	9,043	9,699	8,989
	131,234	195,676	164,838
Property and Equipment:			
Land	266,433	265,961	270,534
Land improvements	403,830	402,013	382,791
Buildings	664,936	663,982	650,581
Rides and equipment	1,649,934	1,643,770	1,575,003
Construction in progress	97,920	58,299	87,833
	3,083,053	3,034,025	2,966,742
Less accumulated depreciation	(1,494,405)	(1,494,805)	(1,396,588)
	1,588,648	1,539,220	1,570,154
Goodwill	179,899	179,660	214,708
Other Intangibles, net	37,724	37,837	36,655
Other Assets	20,774	20,788	17,405
	\$1,958,279	\$1,973,181	\$2,003,760
LIABILITIES AND PARTNERS' EQUITY			
Current Liabilities:			
Current maturities of long-term debt	\$4,350	\$2,775	\$4,050
Accounts payable	44,715	20,851	34,092
Deferred revenue	116,132	82,765	105,256
Accrued interest	11,013	9,986	11,360
Accrued taxes	8,536	58,958	10,563
Accrued salaries, wages and benefits	14,427	30,358	22,441
Self-insurance reserves	25,833	27,063	24,252
Distribution payable	—	—	46,314
Other accrued liabilities	11,619	9,927	7,196
	236,625	242,683	265,524
Deferred Tax Liability	122,007	104,885	138,948
Derivative Liability	15,658	17,721	27,855
Other Liabilities	12,923	13,162	12,388
Long-Term Debt:			
Revolving credit loans	85,000	—	65,000
Term debt	593,197	594,228	597,309
Notes	940,421	939,983	938,542
	1,618,618	1,534,211	1,600,851

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Partners' Equity:			
Special L.P. interests	5,290	5,290	5,290
General partner	(1) —	—
Limited partners, 56,236, 56,201 and 56,069 units outstanding at March 26, 2017, December 31, 2016 and March 27, 2016, respectively	(57,116) 52,288	(43,361)
Accumulated other comprehensive income (loss)	4,275	2,941	(3,735)
	(47,552) 60,519	(41,806)
	\$1,958,279	\$1,973,181	\$2,003,760

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.

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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(In thousands, except per unit amounts)

	Three months ended	
	3/26/2017	3/27/2016
Net revenues:		
Admissions	\$22,563	\$28,660
Food, merchandise and games	18,208	21,767
Accommodations, extra-charge products and other	7,547	8,011
	48,318	58,438
Costs and expenses:		
Cost of food, merchandise, and games revenues	5,480	6,237
Operating expenses	84,289	84,604
Selling, general and administrative	27,619	25,612
Depreciation and amortization	5,365	5,191
Loss on impairment / retirement of fixed assets, net	1,526	2,612
	124,279	124,256
Operating loss	(75,961)	(65,818)
Interest expense	18,914	19,787
Net effect of swaps	301	1,842
Gain on foreign currency	(2,671)	(19,561)
Interest income	(32)	(18)
Loss before taxes	(92,473)	(67,868)
Benefit for taxes	(27,719)	(19,382)
Net loss	(64,754)	(48,486)
Net loss allocated to general partner	(1)	—
Net loss allocated to limited partners	\$(64,753)	\$(48,486)
Net loss	\$(64,754)	\$(48,486)
Other comprehensive income (loss), (net of tax):		
Foreign currency translation adjustment	(660)	(4,395)
Unrealized gain (loss) on cash flow hedging derivatives	1,994	(2,631)
Other comprehensive income (loss), (net of tax)	1,334	(7,026)
Total comprehensive loss	\$(63,420)	\$(55,512)
Basic loss per limited partner unit:		
Weighted average limited partner units outstanding	56,008	55,877
Net loss per limited partner unit	\$(1.16)	\$(0.87)
Diluted loss per limited partner unit:		
Weighted average limited partner units outstanding	56,008	55,877
Net loss per limited partner unit	\$(1.16)	\$(0.87)
The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these statements.		

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CEDAR FAIR, L.P.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' EQUITY

(In thousands)

	Three months ended	
	3/26/2017	3/27/2016
Limited Partnership Units Outstanding		
Beginning balance	56,201	56,018
Limited partnership unit options exercised	10	7
Limited partnership unit forfeitures	(2)	—
Issuance of limited partnership units as compensation	27	44
	56,236	56,069
Limited Partners' Equity		
Beginning balance	\$52,288	\$48,428
Net loss	(64,753)	(48,486)
Partnership distribution declared (\$0.855 and \$0.825 per limited partnership unit)	(48,135)	(46,314)
Expense recognized for limited partnership unit options	—	5
Tax effect of units involved in treasury unit transactions	(1,369)	(1,549)
Issuance of limited partnership units as compensation	4,853	4,555
	(57,116)	(43,361)
General Partner's Equity		
Beginning balance	—	—
Net loss	(1)	—
Partnership distribution declared	—	—
	(1)	—
Special L.P. Interests	5,290	5,290
Accumulated Other Comprehensive Income		
Foreign currency translation adjustment:		
Beginning balance	18,891	22,591
Period activity, net of tax \$0 and \$2,520	(660)	(4,395)
	18,231	18,196
Unrealized loss on cash flow hedging derivatives:		
Beginning balance	(15,950)	(19,300)
Period activity, net of tax (\$371) and \$464	1,994	(2,631)