
OCI PARTNERS LP

Delaware
(State or other jurisdiction of
incorporation or organization)

90-0936556
(I.R.S. Employer
Identification No.)

Mailing Address:
5470 N. Twin City Highway
Nederland, Texas 77627

Physical Address:
5470 N. Twin City Highway
Nederland, Texas 77627

(409) 723-1900

Quarterly report for the period ended **September 30, 2018**

OCI PARTNERS LP
Quarterly Report for the period ended **September 30, 2018**

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PART I. FINANCIAL INFORMATION

OCI PARTNERS LP

Condensed Consolidated Balance Sheet
September 30, 2018
(Dollars in thousands, except per unit data)

	As of
	September 30,
	2018
	(unaudited)
Assets	
Current assets:	
Cash and cash equivalents	\$ 15,611
Accounts receivable	25,074
Accounts receivable—related party	15,878
Inventories	2,761
Advances due from related parties	2,228
Notes receivable—related party	11,099
Other current assets and prepaid expenses	2,901
Total current assets	75,552
Property, plant, and equipment, net of accumulated depreciation of \$272,689	513,644
Notes receivable—related party, long term	22,912
Other non-current assets	1,197
Total assets	\$ 613,305
Liabilities and Partners' Capital	
Current liabilities:	
Accounts payable	\$ 14,501
Accounts payable—related party	5,259
Other payables and accruals	20,044
Revolving credit facility, net	—
Current maturities of the term loan facility	4,550
Accrued interest	200
Other current liabilities	3,109
Total current liabilities	47,663
Term loan facility, net	441,121
Other non-current liabilities	3,131
Total liabilities	491,915
Partners' capital	
Common unitholders —86,997,590 issued and outstanding at September 30, 2018	121,390
General partner's interest	—
Total partners' capital	121,390
Total liabilities and partners' capital	\$ 613,305

See accompanying notes to condensed consolidated financial statements.

OCI PARTNERS LP

Condensed Consolidated Statements of Operations
 Three and Nine-Month Periods Ended September 30, 2018
 (Unaudited)
 (Dollars in thousands, except per unit data)

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Revenues	\$ 76,717	\$ 281,228
Revenues—related party	37,597	56,603
Total Revenue	<u>114,314</u>	<u>337,831</u>
Cost of goods sold (exclusive of depreciation)	45,204	139,822
Cost of goods sold (exclusive of depreciation)—related party	14,978	24,261
Total Cost of goods sold (exclusive of depreciation)	<u>60,182</u>	<u>164,083</u>
Selling, general and administrative expenses	3,645	10,479
Selling, general and administrative expenses—related party	751	3,853
Total Selling, general and administrative expenses	<u>4,396</u>	<u>14,332</u>
Depreciation expense	16,065	46,535
Income from operations before interest expense, other income and income tax expense	33,671	112,881
Interest expense	7,826	21,455
Interest expense—related party	—	3,468
Interest income—related party	(137)	(137)
Loss on extinguishment of debt	—	3,501
Loss on disposition of fixed assets	212	1,238
Other income (expense)	(9)	10
Income from operations before tax expense	<u>25,761</u>	<u>83,366</u>
Income tax expense (benefit)	(38)	749
Net income	<u>\$ 25,799</u>	<u>\$ 82,617</u>
Earnings per limited partner unit:		
Common unit (basic and diluted)	\$ 0.30	\$ 0.95
Weighted average number of limited partner units outstanding:		
Common units (basic and diluted)	86,997,590	86,997,590

See accompanying notes to condensed consolidated financial statements.

OCI PARTNERS LP

Condensed Consolidated Statements of Partners' Capital
Nine Months Ended September 30, 2018
(Unaudited)
(Dollars in thousands, except per unit data)

	Common Units		Total Partners' Capital
	Units	Amount	
Balance, December 31, 2017	86,997,590	\$ 140,321	\$ 140,321
Distributions	—	(6,645)	(6,645)
Distributions—Related Party	—	(94,903)	(94,903)
Net income	—	82,617	82,617
Balance, September 30, 2018	<u>86,997,590</u>	<u>\$ 121,390</u>	<u>\$ 121,390</u>

See accompanying notes to condensed consolidated financial statements.

OCI PARTNERS LP

Condensed Consolidated Statements of Cash Flows
 Nine Months Ended September 30, 2018
 (Unaudited)
 (Dollars in thousands)

	Nine Months Ended September 30, 2018
Cash flows from operating activities:	
Net income	\$ 82,617
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	46,535
Amortization of debt issuance costs	1,105
Deferred income tax benefit	(15)
Loss on extinguishment of debt	3,501
Loss on disposition of fixed assets	1,237
Decrease (increase) in:	
Accounts receivable	6,958
Accounts receivable—related party	(9,375)
Inventories	3,280
Advances due from related parties	(2,040)
Other non-current assets, other current assets and prepaid expenses	1,192
Increase (decrease) in:	
Accounts payable	(204)
Accounts payable—related party	318
Other payables, accruals, and current liabilities	(370)
Accrued interest	(2,202)
Accrued interest—related party	(1,468)
Net cash provided by operating activities	<u>131,069</u>
Cash flows from investing activities:	
Purchase of property, plant, and equipment	(3,339)
Proceeds from sale of scrap equipment	18
Loans to affiliates	(34,011)
Net cash used in investing activities	<u>(37,332)</u>
Cash flows from financing activities:	
Proceeds from revolving credit facility	—
Proceeds from term loan facility	455,000
Repayment of revolving credit facility	(16,000)
Repayment of term loan facility	(2,275)
Repayment of term loan B credit facility	(231,825)
Repayment of term loan facility—related party	(200,000)
Securitization collections	19,726
Debt issuance costs	(8,152)
Remittance of cash to OCI USA for transferred trade receivables	(9,327)
Distributions to Unitholders	(6,645)
Distributions to Unitholders – related party	(94,903)
Net cash used in financing activities	<u>(94,401)</u>
Net increase in cash and cash equivalents	(664)
Cash and cash equivalents, beginning of period	16,275
Cash and cash equivalents, end of period	<u>\$ 15,611</u>

See accompanying notes to condensed consolidated financial statements.

OCI PARTNERS LP

Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2018
(Unaudited)
(Dollars in thousands)

	Nine Months Ended September 30, 2018
Supplemental cash disclosures:	
Cash paid during the period for income taxes	\$ 99
Cash paid during the period for interest	22,420
Cash paid during the period for interest—related party	4,936
Supplemental non-cash disclosures:	
Accruals of property, plant and equipment purchases	\$ 227

See accompanying notes to condensed consolidated financial statements.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 1 — Business and Basis of Presentation

Description of Business

OCI Partners LP (the “Partnership,” “OCIP,” “we,” “us,” or “our”) is a Delaware limited partnership formed on February 7, 2013 whose focus is on the production, marketing and distribution of methanol and anhydrous ammonia. Our production facility is strategically located on the U.S. Gulf Coast near Beaumont, Texas and commenced full operations during August 2012. Our facility has pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import/export jetties, allowing us to ship both products along the Gulf Coast or export internationally, and truck loading facilities for both methanol and ammonia.

We are currently one of the larger merchant methanol producers in the United States, with an annual methanol production design capacity of approximately 912,500 metric tons and an annual ammonia production design capacity of approximately 331,000 metric tons.

OCI Beaumont, LLC (“OCIB”) is a Texas limited liability company formed on December 10, 2010 as the acquisition vehicle to purchase the manufacturing facility and related assets offered for sale by Eastman Chemical Company on May 5, 2011 for \$26,500. OCI N.V., a Dutch public limited liability company, which is the ultimate parent for a group of related entities, through its subsidiaries, is a global producer of natural gas-based fertilizers and chemicals. OCI N.V. is listed on the Euronext Amsterdam and is traded under the symbol “OCI.”

Tender Offer and Buyout from OCI N.V.

On June 4, 2018, OCI N.V. commenced a tender offer to acquire all of the outstanding publicly held common units representing limited partner interest in OCIP. On June 19, 2018, the conflicts committee of the Board of Directors of OCIP's general partner unanimously determined that the price being offered was fair to OCIP's common unitholders (other than OCI N.V. and its affiliates). On July 3, 2018 (the “Expiration Time”), 9,290,248 common units representing limited partner interests in the Partnership (“Common Units”), including those Common Units delivered through notices of guaranteed delivery, were validly tendered and accepted for purchase by OCIP Holding II, LLC (“Holding”), an indirect wholly owned subsidiary of OCI N.V. (“OCI”), in OCI's previously announced tender offer (the “Offer”). Upon purchase of the tendered Common Units, OCI and affiliates thereof will own 86,064,387 Common Units, representing 98.93% of the outstanding OCIP Common Units.

The number of Common Units validly tendered prior to the Expiration Time satisfies the condition that, following the closing of the Offer, OCI and its affiliates own at least 78,297,832 Common Units, representing greater than 90% of the outstanding OCIP Common Units. Pursuant to Section 15.1 of the First Amended and Restated Agreement of Limited Partnership of OCIP (the “Partnership Agreement”), OCI exercised the right, assigned to Holding by the general partner of OCIP, to purchase all of the remaining Common Units that were not tendered in the Offer and remained outstanding on July 3, 2018 (the “Buyout”). A notice of election to purchase such Common Units, pursuant to Section 15.1(b) of the Partnership Agreement, was mailed to each unitholder of record who did not tender its Common Units in the Offer, and such holder received, for each Common Unit, \$11.50 in cash, which represents the price paid by OCI for the Common Units in the Offer.

Upon the exercise of the Buyout, OCI and affiliates thereof own all of the economic interests of the Partnership and are entitled to all of the benefits resulting from those interests. In addition, on July 26, 2018, the Common Units were delisted from the New York Stock Exchange.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)*Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In the opinion of management, the unaudited condensed consolidated financial statements reflect all adjustments, consisting only of normal and recurring adjustments, considered necessary for a fair statement of the Partnership’s financial position as of September 30, 2018, and the consolidated results of operations and cash flows for the periods presented. The accompanying unaudited condensed consolidated financial statements include the accounts of the Partnership. All significant intercompany accounts and transactions have been eliminated in consolidation. Operating results for the three and nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018 or any other reporting period.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accuracy of estimates is based on accuracy of information used. Significant items subject to such estimates and assumptions include the useful lives of property, plant, and equipment, the valuation of property, plant, and equipment, and other contingencies.

Note 2 — Recently Adopted and Recently Issued Accounting Standards

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification is the sole source of authoritative GAAP. The FASB issues Accounting Standards Updates (“ASU”) to communicate changes to the codification. The Partnership considers the applicability and impact of all ASU’s. The following are those ASU’s that are relevant to the Partnership.

On August 29, 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. ASU 2016-15 provides guidance on the cash flow reporting of certain issues that were either unclear or not addressed under existing U.S. GAAP. The standard requires the retrospective transition method. The adoption of ASU 2016-15 did not have any impact on the Partnership's consolidated financial statements or disclosures.

On May 28, 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 2014-09, which supersedes the revenue recognition requirements in ASU Topic 605, Revenue Recognition. Under the new guidance, it requires an entity to recognize the amount of revenue which it expects to be entitled for the transfer of promised goods or services to customers. It also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue, cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. The adoption of ASU 2014-09 on January 1, 2018, using the modified retrospective approach, had no significant impact on our results of operations, cash flows or financial position. Revenue continues to be recognized at a point in time for our product sales when products are delivered to or picked up by the customer. No transition adjustment was necessary upon adoption. Additional information and disclosures required by this new standard are contained in note 3 – Significant Accounting Policies.

On February 25, 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which supersedes Accounting Standards Codification (“ASC”) 840, Leases. Subsequent to the issuance of ASU 2016-02, ASC 842 was amended by various updates that amend and clarify the impact and implementation of the aforementioned update. These updates require lessees to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. These updates also expand the required quantitative and qualitative disclosures surrounding leases. The new lease standard requirements are effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and early adoption is permitted. The Partnership has begun evaluating the new lease standard, including the review and implementation of the necessary changes to our existing process and systems that will be required to implement this new standard and the effect of adoption on our consolidated financial statements. We plan to adopt this ASU beginning on January 1, 2019 using the modified retrospective transition approach.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 3—Significant Accounting Policies

There have been no material changes to the significant accounting policies described in our Annual Report, except for the significant accounting policies set forth below.

A. Revenue Recognition

Effective January 1, 2018, the Partnership adopted Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers (ASC 606) using the modified retrospective transition method. This standard applies to all contracts with customers, except for contracts that are within the scope of other standards, such as leases, insurance, collaboration arrangements and financial instruments.

Revenue is recognized based on contracts or other persuasive evidence of an arrangement with the customer that has the approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue from sales of our products is measured based on a consideration specified in a contract with a customer. The Partnership recognizes revenue when it satisfies a performance obligation by transferring control over our products to a customer. The majority of the Partnership's agreements for the sale of methanol or ammonia that are delivered via chartered barge, vessel or truck are sold on a Free on Board ("FOB") shipping point basis, with title and risk of loss transferring when product crosses the inlet flange of the barge/vessel/truck when loaded at OCIB's facility. Agreements involving delivery via pipeline are shipped on a FOB destination point basis, with title and risk of loss transferring at the valve connection between the Partnership's pipeline and the customer's owned/leased pipeline. Regardless of the method of delivery, each metric ton of methanol and ammonia is determined to be a separate performance obligation as each unit is capable of being distinct within the context of the contract.

At present, all of the Partnership's contracts for the sale of methanol or ammonia include index based pricing terms that reflect a specified discount for each unit to a published monthly benchmark. The presence of index based pricing indicates that the transaction price can vary due to factors outside of the Partnership's influence (such as market volatility). Therefore, the total transaction price is variable due to index based pricing terms which will be constrained until the uncertainty of the index price is resolved. The Partnership has elected to use ASC 606-10-32-28 allocation exception that allows an entity to allocate variable consideration to one or more performance obligations instead of using the relative standalone selling price method. Under the allocation exemption, the Partnership will allocate the transaction price to each distinct unit of product transferred to the customer based on the published index price during the corresponding month of transfer. All revenue for the sale of methanol and ammonia is recognized at a point in time regardless of the method of transportation.

Provisions in customer contracts relating to meter calibration and third-party inspections do not transfer a good or service to the customer but, instead, are considered activities required to fulfill the Partnership's promise of delivering methanol or ammonia to the customer. As such, these activities are not identified as separate performance obligations. When third-party inspections are paid directly by the Partnership, they will be treated as a cost to fulfill and will be expensed to cost of goods sold (exclusive of depreciation) when incurred as the costs do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future. Furthermore, these activities do not constitute delivery of a service as it is a requirement to fulfill the contract. However, in cases where the customer pays a third party for an inspection and is subsequently reimbursed by OCIP, the Partnership will account for the reimbursed inspection fees as an element of variable consideration (i.e., consideration paid to a customer) and recognize it as a reduction of the transaction price. Meter recalibration fees will be treated as costs to fulfill and qualify for capitalization as the costs generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future. However, the period between meter calibrations is every three months and the costs of the meter calibrations is immaterial, therefore, these costs will be expensed as incurred to cost of goods sold (exclusive of depreciation).

Demurrage is a form of liquidated damages for breaching the lay time allotted for the chartered barge, vessel or truck to load the product sold. Demurrage charges are payable by the party at fault which can be either the customer or the Partnership. In the event the Partnership is obligated to reimburse the customer for demurrage charges, the Partnership will record the consideration payable to the customer as a reduction of transaction price. Since the Partnership may be reimbursed varying amounts for demurrage charges depending on factors that are out of the Partnership's controls, such reimbursements are considered variable consideration.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Barges, vessels or trucks chartered by the Partnership to ship product to customers commence their activity after the customer obtains control of the product and, therefore, represent a promised service to the customer. The Partnership has elected to treat shipping and handling charges incurred by it as costs to fulfill the promise to transfer the products to the customer. Shipping and handling charges are thus not capitalized as they do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future.

Commissions paid to OCI Fertilizers USA, LLC and N-7, LLC for the sale of ammonia are not incremental costs incurred in order to obtain a contract, but are incremental costs to fulfill a contract and are expensed to cost of goods sold (exclusive of depreciation)—related party as incurred as these costs do not generate or enhance resources of the Partnership that will be used to satisfy performance obligations in the future.

Contract modifications may exist as a change order or amendment. Generally, modifications increase or decrease the requested quantity of product or extend the agreement for additional periods. In either case, the modification relates to distinct goods that will always be priced commensurate with their stand-alone selling prices due to the application of index based pricing. As such, each contract modification will be accounted for prospectively as a separate contract.

B. Nature of our products

The goods included in OCIP's contracts are units of methanol or ammonia which are global commodities, with little or no product differentiation, and customers make their purchasing decisions principally based on delivered price and availability of the product. As part of its ordinary business activities, OCIP is currently party to methanol and ammonia sales contracts with a small number of significant customers.

C. Disaggregation of revenue

In the following table, revenue is disaggregated by major product line.

	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2018	
	Sales Volumes (in metric tons)	Revenue (in thousands)	Sales Volumes (in metric tons)	Revenue (in thousands)
Revenues:				
Ammonia	88.4	\$ 25,443	241.5	\$ 69,414
Methanol	224.9	88,821	672.5	268,325
Other	—	50	—	93
Total	313.3	\$ 114,314	914.0	\$ 337,832

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

D. Contract balances

Accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets include amounts related to our contractual right to consideration for completed performance objectives not yet invoiced. Contract liabilities include payments received in advance of performance under the contract, and are realized with the associated revenue recognized under the contract. We had no asset impairment charges related to contract assets in the period. We have no contract assets or contract liabilities as of September 30, 2018. The following table provides information about our accounts receivable and accounts receivable—related party from contracts with customers.

	As of	
	September 30, 2018	
	(in thousands)	
Accounts receivable:		
Ammonia	\$	4,019
Methanol		21,050
Other		5
Total	\$	25,074
Accounts receivable—related party:		
Ammonia	\$	6,016
Methanol		9,862
Other		—
Total	\$	15,878

E. Performance obligations

The Partnership recognizes revenue when it satisfies a performance obligation by transferring control over our products to a customer. The majority of OCIP's agreements for the sale of methanol or ammonia that are delivered via chartered barge, vessel or truck are sold on a FOB shipping point basis, with title and risk of loss transferring when product crosses the inlet flange of the barge/vessel/truck when loaded at OCIP's facility. Agreements involving delivery via pipeline are shipped on a FOB destination point basis, with title and risk of loss transferring at the valve connection between OCIP's pipeline and the customer's owned/leased pipeline. OCIP's performance obligations are satisfied at the point in time at which OCIP transfers control of the product to the customer.

Payment terms under OCIP's sales contracts range from net 10 to net 30 days from the date the invoice is received.

Most of the Partnership's contracts allow for customer returns if the product delivered is outside standard product specifications. However, OCIP performs quality assurance at its facilities to ensure that products are within product specification guidelines prior to shipment. In addition, a third-party inspection is generally required before shipment to confirm the quantity and specification of the product are in accordance with the terms of the contract.

F. Transaction price allocated to the remaining performance obligations

In accordance with ASC 606-10-50-13, the Partnership is required to include disclosure on its remaining performance obligations as of the end of the current reporting period. Due to the nature of Partnership's customer contracts, these reporting requirements are not applicable. The Partnership's contracts meet certain exemptions as defined in ASC 606-10-50-14 through ASC 606-10-50-14A, including (i) performance obligation is part of a contract that has an original expected duration of one year or less and (ii) variable consideration related to unsatisfied performance obligations that is allocated entirely to a wholly unsatisfied performance obligation or to a wholly unsatisfied promise to transfer distinct goods or services as part of a performance obligation. For the Partnership's contracts that pertain to these exemptions: (i) the remaining performance obligations relate to the sale of methanol and ammonia; (ii) the estimated remaining duration of these performance obligations ranges from the remainder of the current calendar year to five years; and (iii) variable consideration for these contracts primarily includes index-based pricing terms that fluctuates throughout the contract.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 4 — Inventories

As of September 30, 2018, the Partnership's inventories consisted of finished goods. The Partnership had no raw materials and/or work-in-progress inventories. Below is a summary of inventory balances by product as of September 30, 2018:

	<u>As of</u> <u>September 30,</u> <u>2018</u>
Ammonia	\$ 984
Methanol	1,777
Total	<u>\$ 2,761</u>

Note 5 — Property, Plant and Equipment

	<u>As of</u> <u>September 30,</u> <u>2018</u>
Land	\$ 3,371
Plant and equipment	763,939
Buildings	13,943
Vehicles	139
Furniture, fixtures & office equipment	478
Computer hardware & software	96
Construction in progress	4,367
	<u>786,333</u>
Less: accumulated depreciation	272,689
	<u>\$ 513,644</u>

Note 6 — Debt*(a) Debt—Related Party*

The intercompany revolving credit facility between OCIB and OCI USA Inc. (the "Revolving Credit Facility—Related Party") had a borrowing capacity of \$40,000 and a maturity date of January 20, 2020. The amount that could be drawn under the Revolving Credit Facility—Related Party was limited by the Original Revolving Credit Facility (as defined below) to \$40,000 minus the amount of indebtedness outstanding under the Original Revolving Credit Facility. Borrowings under the Revolving Credit Facility—Related Party accrued interest at a rate equal to the sum of (i) the rate per annum applicable to the Original Revolving Credit Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Original Revolving Credit Facility) discussed in note 6(b), plus (ii) 0.25%. OCIB paid a commitment fee to OCI USA Inc, an indirect, wholly-owned subsidiary of OCI ("OCI USA"), under the Revolving Credit Facility—Related Party on the undrawn available portion at a rate of 0.5% per annum, which was included as a component of interest expense—related party on the unaudited condensed consolidated statements of operations. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (see note 6(b)), in part, to repay in full the \$7 of commitment fees outstanding under the Revolving Credit Facility—Related Party. The Revolving Credit Facility—Related Party has been terminated effective as of March 13, 2018.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

The intercompany term loan facility between OCIB and OCI USA (the “Term Loan Facility—Related Party”) had a borrowing capacity of \$200,000 and a maturity date of January 20, 2020. Borrowings under the Term Loan Facility—Related Party accrued interest at a rate equal to the sum of (i) the rate per annum applicable to the Original Term Loan B Credit Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Original Term Loan B Credit Facility) discussed in note 6(b) plus (ii) 0.25%. On November 30, 2016, OCIB borrowed \$200,000 under the Term Loan Facility—Related Party to prepay a portion of the Term B Loans. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (see note 6(b)), in part, to repay in full the \$200,000 of principal and \$639 of accrued interest outstanding under the Term Loan Facility—Related Party. The Term Loan Facility—Related Party has been terminated effective as of March 13, 2018.

(b) *Debt—Third Party*

	September 30, 2018	Interest Rate	Interest Rate as of September 30, 2018	Maturity Date
Revolving Credit Facility (1)	\$ —	3.25% + LIBOR	5.64%	March 13, 2020

(1) Unamortized debt issue costs related to the revolving credit facility is \$432 as of September 30, 2018 and is presented as a component of other non-current assets in the the accompanying unaudited condensed consolidated balance sheets.

	September 30, 2018	Interest Rate	Interest Rate as of September 30, 2018	Maturity Date
Term Loan Facility	\$ 452,724	4.00% + LIBOR	6.39%	March 13, 2025
Less: Current Portion	4,550			
Less: Unamortized Debt Issue Costs	7,053			
Term Loan Facility, Net	<u>\$ 441,121</u>			

Original Term Loan B Credit Facility and Amendments Thereto

On August 20, 2013, OCIB and OCI USA entered into a senior secured term loan facility agreement (as amended, supplemented or restated from time to time, the “Original Term Loan B Credit Facility”) with a syndicate of lenders. The Partnership subsequently became a party to the Original Term Loan B Credit Facility through a credit agreement joinder, dated as of October 18, 2013. The Original Term Loan B Credit Facility was comprised of three tranches of term debt in the amounts of \$235,000 (the “Term B-2 Loan”), \$165,000 (the “Term B-3 Loan”) and \$50,000 (the “Term B-4 Loan”) and, together with the Term B-2 Loan and Term B-3 Loan, the “Term B Loans”) which were scheduled to mature on August 20, 2019. Interest on the Original Term Loan B Credit Facility accrued, at OCIB's option, at adjusted LIBOR plus 6.75% per annum or the alternative base rate plus 5.75%. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement (as defined below), in part, to repay in full the outstanding principal of approximately \$231,825 and accrued interest of approximately \$1,385 under the Original Term B Loan Credit Facility.

Original Revolving Credit Facility

On April 4, 2014, OCIB as borrower, the Partnership as a guarantor, Bank of America, N.A. as administrative agent and a syndicate of lenders entered into a revolving credit facility agreement (as amended, supplemented or restated from time to time, the “Original Revolving Credit Facility”), with an initial aggregate borrowing capacity of up to \$40,000 (less any amounts borrowed under the Revolving Credit Facility—Related Party (as defined in note 6(a)), including a \$20,000 sublimit for letters of credit. The Original Revolving Credit Facility was set to expire on March 31, 2018. Outstanding principal amounts under the Original Revolving Credit Facility accrued interest at OCIB’s option at either LIBOR plus a margin of 4.75% or a base rate plus a margin of 3.75%. OCIB also paid a commitment fee of 1.40% per annum on the unused portion of the Original Revolving Credit Facility. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement, in part, to repay in full the \$80 of commitment fees outstanding under the Original Revolving Credit Facility.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Credit Agreement

On March 13, 2018, the Partnership successfully completed the closing of a \$455,000 secured term loan credit facility (the “Term Loan Facility”) and a \$40,000 revolving credit facility (the “Revolving Credit Facility”) established pursuant to a Credit Agreement, dated as of March 13, 2018 (the “Credit Agreement”), among the Partnership, the lenders party thereto from time to time and Bank of America, N.A., as administrative agent. The Revolving Credit Facility includes a \$20,000 letter of credit sub-limit. All proceeds from the Revolving Credit Facility will be used by the Partnership for working capital, capital expenditures and other general corporate purposes.

The Partnership used the \$455,000 proceeds of the Credit Agreement to (a) repay in full the existing indebtedness of OCIB, pursuant to the (i) Original Term Loan B Credit Facility of \$231,825 in outstanding principal and \$1,385 of accrued interest, and (ii) Original Revolving Credit Facility of \$80 in commitment fees outstanding, (b) repay in full the existing intercompany debt, pursuant to the (i) Term Loan Facility—Related Party of \$200,000 in outstanding principal and \$639 of accrued interest, (ii) Revolving Credit Facility—Related Party of \$7 in commitment fees outstanding, and (iii) the intercompany payables owed by OCIB to OCI USA Inc. of \$9,327, and (c) for general corporate purposes.

The Term Loan Facility matures on March 13, 2025, and amortizes in quarterly installments equal to 0.25% of the original principal amount thereof, or \$1,138 payable at the end of each fiscal quarter. The initial interest rate on the Term Loan Facility accrues interest at a rate equal to, at the Partnership’s option, LIBOR plus 4.25% or a base rate plus 3.25%. The respective interest rate margins are subject to reductions based on changes in our consolidated total net leverage ratio as outlined in the table below. As of September 30, 2018, the interest rate on the Term Loan Facility is LIBOR plus 4.00%.

Interest Rate on the Term Loan Facility

Consolidated Total Net Leverage Ratio	LIBO Rate Loans	Base Rate Loans
Less than 2.75 to 1.00	4.00%	3.00%
Greater than or equal to 2.75 to 1.00	4.25%	3.25%

The consolidated total net leverage ratio is defined as the ratio of (i) (A) consolidated indebtedness (as defined in the Credit Agreement) less (B) the aggregate amount of unrestricted cash and cash equivalents included on the consolidated balance sheet to (ii) consolidated EBITDA (as defined in the Credit Agreement) for the last four quarters.

The Revolving Credit Facility matures on March 13, 2020 and outstanding principal amounts under the Revolving Credit Facility bear interest at an initial interest rate of, at the Partnership’s option, LIBOR plus 3.75% or a base rate plus 2.75%. The respective interest rate margins are subject to reductions based on changes in our consolidated first lien net leverage ratio as outlined in the table below. As of September 30, 2018, the interest rate on the Revolving Credit Facility is LIBOR plus 3.25%.

Interest Rate on the Revolving Credit Facility

Consolidated First Lien Net Leverage Ratio	LIBO Rate Loans	Base Rate Loans
Less than 2.50 to 1.00	3.25%	2.25%
Less than 3.00 to 1.00 and greater than or equal to 2.50 to 1.00	3.50%	2.50%
Greater than or equal to 3.00 to 1.00	3.75%	2.75%

The consolidated first lien net leverage ratio is defined as the ratio of (i) (A) consolidated first lien debt (as defined in the Credit Agreement) less (B) the aggregate amount of unrestricted cash and cash equivalents included on the consolidated balance sheet to (ii) consolidated EBITDA (as defined in the Credit Agreement) for the last four quarters. The Partnership will pay a commitment fee of 0.50% per annum on the unused portion of the Revolving Credit Facility, that steps down to 0.375% if the first lien net leverage ratio is less than or equal to 3.00 to 1.00. As of March 31, 2018, the Partnership’s consolidated total net leverage ratio and consolidated first lien net leverage ratio were both 2.10 to 1.00.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Scheduled amortization payments of the secured Term Loan Facility with respect to the Credit Agreement at September 30, 2018 are as follows:

Fiscal Year	
2018	\$ 1,138
2019	4,550
2020	4,550
2021	4,550
2022	4,550
2023	4,550
2024	4,550
2025	424,286
Total	\$ 452,724

The Credit Agreement, as well as related fees and expenses, are unconditionally guaranteed by OCIB. The Credit Agreement, and related fees and expenses, are secured by a first priority lien on substantially all of OCIB's and the Partnership's assets, subject to customary exceptions.

The Credit Agreement contains customary covenants which the Partnership must abide and default provisions for the benefit of the lenders, including a requirement that the Partnership maintain, on a quarterly basis, (i) a consolidated senior secured net leverage ratio not in excess of 5.25 to 1.00 and (ii) at times when any revolving loans or revolving loan commitments are outstanding, a consolidated interest coverage ratio of not less than 2.00 to 1.00. The consolidated senior secured net leverage ratio is defined as the ratio of (i) (A) consolidated senior secured debt (as defined in the Credit Agreement) less (B) the aggregate amount of unrestricted cash and cash equivalents included on the consolidated balance sheet to (ii) consolidated EBITDA (as defined in the Credit Agreement) for the last four quarters. The consolidated interest coverage ratio is defined as the ratio of (i) consolidated EBITDA (as defined in the Credit Agreement) for the last four quarters to (ii) consolidated interest expense (as defined in the Credit Agreement) for the last four quarters. As of September 30, 2018, the Partnership's consolidated senior secured net leverage ratio was 2.10 to 1.00, and its consolidated interest coverage ratio was 8.04 to 1.00. The Credit Agreement permits the Partnership to make distributions so long as no event of default has occurred and is continuing and the Partnership is in pro forma compliance with its financial maintenance covenants. Upon the occurrence of certain events of default under the Credit Agreement, Partnership's obligations under the Credit Agreement may be accelerated.

In addition, the Credit Agreement contains customary covenants and conditions, including limitations on our ability to finance future operations or capital needs or to engage in other business activities. These restrictions and covenants will limit our ability, among other things, to:

- incur additional indebtedness;
- create liens on assets;
- engage in mergers or consolidations;
- sell assets;
- pay dividends and distributions or repurchase our common units;
- make investments, loans or advances;
- prepay certain subordinated indebtedness;
- make certain acquisitions or enter into agreements with respect to our equity interests; and
- engage in certain transactions with affiliates.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

The Credit Agreement also contains various non-financial covenants, which include, among others, undertakings with respect to reporting requirements, maintenance of specified insurance coverage, and compliance with applicable laws and regulations. As of September 30, 2018, the Partnership was in compliance with all these covenants.

The Credit Agreement contains provisions for acceleration of the maturity and mandatory prepayment of the amounts borrowed under the Term Loan Facility and other obligations thereunder upon the occurrence of certain stated events and also for optional prepayments on account of the principal of the amounts borrowed under the Term Loan Facility prior to the maturity thereof upon the terms and conditions specified therein, including a 1% prepayment premium for repricing transactions occurring within 12 months of closing.

The Credit Agreement contains events of default customary for credit facilities of this nature, including, but not limited to, the failure to pay any principal, interest or fees when due, failure to satisfy any covenant, untrue representations or warranties, impairment of liens, events of default under any other loan document, default under any other material debt agreements, insolvency, certain bankruptcy proceedings, change of control and material litigation resulting in a final judgment against any borrower or subsidiary guarantor. Upon the occurrence and during the continuation of an event of default under the Credit Agreement the lenders may, among other things, accelerate and declare the outstanding loans to be immediately due and payable and exercise remedies against the Partnership and the collateral as may be available to the lenders under the Credit Agreement and other loan documents.

(c) Debt Issuance Costs

Original Term Loan B Credit Facility

The Original Term Loan B Credit Facility and amendments thereto included debt issuance costs that were withheld from the proceeds of the loans, arranger fees, as well as legal and structuring fees. These debt issuance costs were written off in connection with the repayment of the Original Term Loan B Credit Facility on March 13, 2018, resulting in a loss on extinguishment of debt during the nine months ended September 30, 2018 of \$3,501.

OCIB amortized debt issuance costs related to the Original Term Loan B Credit Facility of \$415 during the nine months ended September 30, 2018. No amounts were amortized during the three months ended September 30, 2018 as the Original Term Loan B Credit Facility was extinguished on March 13, 2018. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying unaudited condensed consolidated statements of operations.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Original Revolving Credit Facility

The Original Revolving Credit Facility and amendments thereto included consent fees, legal fees and other expenses. OCIB recorded the debt issuance costs as a reduction of short-term debt in the accompanying unaudited condensed consolidated balance sheets and amortized them over the term of the Original Revolving Credit Facility using the effective-interest method.

OCIB amortized debt issuance costs related to the Original Revolving Credit Facility of \$24 during the nine months ended September 30, 2018. No amounts were amortized during the three months ended September 30, 2018 as the Original Revolving Credit Facility was extinguished on March 13, 2018. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying unaudited condensed consolidated statement of operations.

Credit Agreement

The Term Loan Facility under the Credit Agreement included approximately \$7,589 of debt issuance costs. The debt issuance costs were recorded as a reduction of long-term debt in the accompanying unaudited condensed consolidated balance sheets and will be amortized over the term of the terms loans under the Credit Agreement using the effective-interest method.

The Revolving Credit Facility under the Credit Agreement included approximately \$600 of debt issuance costs. The debt issuance costs associated with the Revolving Credit Facility were recorded as an other non-current assets in the accompanying unaudited condensed consolidated balance sheets and will be amortized over the term of the Revolving Credit Facility under the Credit Agreement using the effective-interest method.

OCIB amortized debt issuance costs related to the Credit Agreement of \$301 and \$597 during the three and nine months ended September 30, 2018, respectively. The amortization of the debt issuance costs is presented as a component of interest expense in the accompanying unaudited condensed consolidated statements of operations.

(d) Accounts Receivable Securitization Arrangement

On September 20, 2018, OCIB entered into a master framework agreement with Agent Credit Agricole Leasing & Factoring (“Credit Agricole”) to sell eligible trade accounts receivable generated from the sale of methanol or ammonia to purchaser Ester Finance Titrisation (“Ester”). Both Credit Agricole and Ester are third-party entities and not related-parties of OCIB or its affiliates. OCIB accounts for the receivables sold under this agreement as a sale of financial assets pursuant to ASC 860 “Transfers and Servicing” and derecognizes these receivables from the balance sheet. Due to a short average collection cycle for such receivables, the fair value of the sold receivables approximates the book value, and as a result, no gain or loss on the sale of receivables is recorded. Although OCIB continues to service, administer and collect the receivables on behalf of Ester, a servicing asset or liability is not recognized due to any financial statement impact associated with the servicing asset or liability being immaterial. Collections of the sold receivables are presented as a component of other payables and accruals in the accompanying unaudited condensed consolidated balance sheets until they are remitted to Ester. The financing element of the program is presented as a component of interest expense in the accompanying unaudited condensed consolidated statements of operations.

Receivables sold under the agreement were \$20,761 during both the three and nine months ended September 30, 2018. OCIB records cash flows related to proceeds from Ester for the sale of receivables as operating activities in its statements of cash flows, and reflects cash flows related to the collection of the receivables as well as the amount of collections the Company remits to Ester as financing activities in its statements of cash flows.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 7 — Related Party Transactions

The Partnership has maintained and been involved with certain arrangements and transactions with OCI and its affiliates. The material effects of such arrangements and transactions are reported in the accompanying unaudited condensed consolidated financial statements as related party transactions.

The following table represents the effect of related party transactions on the unaudited condensed consolidated statements of operations for the three and nine months ended September 30, 2018:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Revenue	\$ 36,912	\$ 55,918
Cost of goods sold (exclusive of depreciation) (1)	14,978	23,576
Selling, general and administrative expenses (2)	751	3,853
Interest expense	—	3,468
Interest income	137	137

(1) Amounts represented in cost of goods sold (exclusive of depreciation) were incurred to the following related parties:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
OCI GP, LLC	\$ 4,239	\$ 11,973
OCI Methanol Marketing, LLC	7,593	7,593
OCI Fuels Limited	1,776	3,241
N-7, LLC	1,142	1,142
Iowa Fertilizer Company, LLC	207	207
OCI Fertilizers USA, LLC	21	105
Total cost of goods sold (exclusive of depreciation)—related party	<u>\$ 14,978</u>	<u>\$ 24,261</u>

(2) Amounts represented in selling, general and administrative expense were incurred to the following related parties:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
OCI GP, LLC	\$ 577	\$ 1,654
OCI Nitrogen B.V.	1	7
Contrack International Inc.	6	1,584
OCI Fertilizer B.V.	11	11
Iowa Fertilizer Company, LLC	56	93
OCI USA	100	466
OCI N.V.	—	38
Total selling, general and administrative expenses—related party	<u>\$ 751</u>	<u>\$ 3,853</u>

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Our Agreements with OCI

Omnibus Agreement

We are party to an omnibus agreement with OCI, OCI USA, OCI GP, LLC and OCIB (the “Omnibus Agreement”). The Omnibus Agreement addresses certain aspects of the Partnership’s relationship with OCI and OCI USA, including: (i) certain indemnification obligations, (ii) the provision by OCI USA to the Partnership of certain services, including selling, general and administrative services and management and operating services relating to operating the Partnership’s business, (iii) the Partnership’s use of the name “OCI” and related marks and (iv) the allocation among the Partnership and OCI USA of certain tax attributes.

Under the Omnibus Agreement, OCI USA has agreed to provide, or cause one or more of its affiliates to provide, the Partnership with such selling, general and administrative services and management and operating services as may be necessary to manage and operate the business and affairs of the Partnership. Pursuant to the Omnibus Agreement, the Partnership has agreed to reimburse OCI USA for all reasonable direct or indirect costs and expenses incurred by OCI USA or its affiliates in connection with the provision of such services, including the compensation and employee benefits of employees of OCI USA or its affiliates.

We incurred costs under this contracts, payable to OCI GP, LLC, in connection with reimbursement of providing selling, general and administrative services and management and operating services to manage and operate the business and affairs of the Partnership of \$4,816 and \$13,626 during the three and nine months ended September 30, 2018, respectively. Of these amounts, the wages directly attributable to revenue-producing operations were included in cost of goods sold (exclusive of depreciation)—related party and the remaining amounts incurred were included in selling, general and administrative expense—related party. During the three and nine months ended September 30, 2018, \$4,239 and \$11,973, respectively, was recorded in costs of goods sold (exclusive of depreciation)—related party and \$577 and \$1,654, respectively, was recorded in selling, general and administrative expense—related party. Accounts payable—related party include amounts incurred but unpaid to OCI GP, LLC of \$3,937 as of September 30, 2018.

As shown in the table above, the Partnership recorded amounts due to (i) OCI Nitrogen B.V., an indirect, wholly-owned subsidiary of OCI, (iii) Contrack International Inc., an affiliate of OCI, (iv) OCI Fertilizer B.V., an indirect, wholly-owned subsidiary of OCI, (v) Iowa Fertilizer Company, an indirect, wholly-owned subsidiary of OCI, (vi) OCI USA, and (vii) OCI N.V. in selling, general and administrative expense—related party as shown on the unaudited condensed consolidated statement of operations, in relation to officers’ salaries, wages and travel expenses, and asset management information technology maintenance expenses in the amount of \$174 and \$2,199 during the three and nine months ended September 30, 2018, respectively. Accounts payable—related party include amounts incurred but unpaid to the aforementioned parties of \$276 as of September 30, 2018.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)Advances due from Related Parties

Advances due from related parties represent unreimbursed expenses incurred on behalf of OCI and its affiliates. These advances are unsecured, non-interest bearing and are due on demand. As of September 30, 2018, the Partnership had \$2,228 due from related parties.

Set forth below is a table showing the amounts due from the following related parties:

	<u>As of</u>
	<u>September 30, 2018</u>
OCI N.V.	\$ 1,044
OCI Methanol Marketing, LLC (1)	1,082
Iowa Fertilizer Company, LLC	64
OCI Fuels Limited (2)	34
OCI Fertilizer B.V.	4
Total advances due from related party	<u>\$ 2,228</u>

- (1) OCI Methanol Marketing, LLC is an indirect, wholly-owned subsidiary of OCI.
(2) OCI Fuels Limited is an indirect, wholly-owned subsidiary of OCI.

Related Party Sales - Ammonia

On May 12, 2015, OCIB entered into an ammonia supply and sales agreement with OCI Fertilizers USA, LLC (“OCI Fertilizers USA”), an indirect, wholly-owned subsidiary of OCI that is a wholesaler of ammonia, to supply OCI Fertilizers USA with commercial grade anhydrous ammonia. OCI Fertilizers USA purchases the ammonia to resell to third parties. The term of the original agreement began on June 1, 2015 and ended on May 31, 2017 and renewed automatically on an annual basis unless a party cancels with 90 days’ notice. Under the terms of the agreement, OCI Fertilizers USA was paid a 1.5% commission of the sales price to third parties. During the three and nine months ended September 30, 2018, we had related party sales of \$345 and \$7,689, respectively, for the sale of ammonia to OCI Fertilizers USA. No amounts were due from or to OCI Fertilizers USA as of September 30, 2018. During the three and nine months ended September 30, 2018, we recorded commissions due to OCI Fertilizers USA of \$21 and \$105, respectively, in cost of goods sold (exclusive of depreciation)—related party. On July 1, 2018, OCIB and OCI Fertilizers USA mutually agreed to terminate the ammonia supply and sales agreement.

On February 19, 2018, OCIB entered into an agreement with Iowa Fertilizer Company, LLC (“Iowa Fertilizer Company”) to supply Iowa Fertilizer Company with up to 60,000 metric tons per year of commercial grade anhydrous ammonia, at OCIB's option (the “IFCo Agreement”). Pursuant to an exchange agreement with a third party, we delivered the anhydrous ammonia to the third party's barge on an FOB basis and an equal amount of product was delivered by the third party to Iowa Fertilizer's facility. During the nine months ended September 30, 2018, we had \$5,802 of related party sales of ammonia to Iowa Fertilizer Company. We had no related party sales of ammonia to Iowa Fertilizer Company during the three months ended September 30, 2018. No amounts were due from Iowa Fertilizer Company as of as of September 30, 2018. On May 18, 2018 OCIB and Iowa Fertilizer Company became parties to the ammonia marketing agreement with N-7, LLC and pursuant to the agreement with N-7, OCIB and Iowa Fertilizer Company mutually agreed to terminate the IFCo Agreement.

On May 18, 2018, OCIB and Iowa Fertilizer Company entered into an ammonia marketing agreement with N-7, LLC (“N-7”), a Delaware limited liability company that OCI owns an indirect 50% interest in, whose purpose is to market its suppliers' (including OCIB, Iowa Fertilizer Company and an unaffiliated third party) commercial grade anhydrous ammonia and other products to third parties. The initial term of the ammonia marketing agreement began on May 18, 2018 and ends on December 31, 2020 and can be renewed for an additional twenty-four month period upon the written agreement of both parties at least 90 days in advance of the expiration of the initial term. Under the terms of the agreement, N-7 markets OCIB's commercial grade anhydrous ammonia and pays OCIB an agreed upon index price, net of transportation (that is, a netback arrangement). N-7 is also paid a commission for the sale of ammonia. The commission and transportation costs are recorded in cost of goods sold (exclusive of depreciation)—related party as these are fulfillment costs. N-7 began operations on July 1, 2018 and during both the three and nine months ended September 30, 2018, we had \$15,858 of related party sales of ammonia to N-7. Accounts receivable—related party includes amounts due from N-7 of \$6,016 as of September 30, 2018. During both the three and nine months ended September 30, 2018, we recorded commission and transportation costs due to N-7 of \$1,142. Accounts payable—related party includes amounts due to N-7 of \$452 as of September 30, 2018.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

On June 4, 2018, OCIB with Iowa Fertilizer Company, N-7 and an unaffiliated third party executed a letter agreement (the “Letter Agreement”) whereby Iowa Fertilizer Company pays all the costs associated with selling the commercial grade anhydrous ammonia and OCIB reimburses Iowa Fertilizer Company for a portion of those fees, net of any commissions paid to N-7. OCIB records these fees in cost of goods sold (exclusive of depreciation)—related party. During both the three and nine months ended September 30, 2018, we recorded selling expense reimbursements due to Iowa Fertilizer Company of \$207. Accounts payable—related party includes amounts due to Iowa Fertilizer Company for selling expense reimbursements of \$76 as of September 30, 2018.

Related Party Sales - Methanol

On January 20, 2018, OCIB entered into a tolling agreement with OCI Fuels Limited (“OCI Fuels”). Under the agreement, OCIB charges OCI Fuels a tolling fee to process the natural gas purchased and delivered to OCIB's facility by OCI Fuels for the production of methanol. Natural gas received from OCI Fuels is recorded in cost of goods sold (exclusive of depreciation)—related party in the unaudited condensed consolidated statement of operations as this relates directly to the production of methanol. During the three and nine months ended September 30, 2018, \$1,776 and \$3,241, respectively, of natural gas was delivered to our facility by OCI Fuels for the production of methanol. During the three and nine months ended September 30, 2018, we had \$6,527 and \$12,387, respectively, of related party sales of methanol to OCI Fuels. Accounts receivable—related party includes amounts due from OCI Fuels of \$3,376 as of September 30, 2018.

During the three months ended September 30, 2018, OCIB engaged in spot sales with OCI Methanol Marketing, LLC (“OCI Methanol Marketing”), an indirect, wholly-owned subsidiary of OCI. Under the terms of the spot sales, OCI Methanol Marketing purchased the methanol from OCIB at the spot price during the month of delivery. During both the three and nine months ended September 30, 2018, we had \$14,182 of related party sales of methanol to OCI Methanol Marketing. Accounts receivable—related party includes amounts due from OCI Methanol Marketing of \$6,486 as of September 30, 2018.

Methanol Supply and Sales Agreement

On July 31, 2018, to fulfill its contracted sales commitments during the unplanned shutdown that occurred during the three months ended September 30, 2018, OCIB entered into a methanol purchase and sales agreement with OCI Methanol Marketing, pursuant to which, OCI Methanol Marketing agreed to sell and deliver a methanol volume of approximately 20,386 metric tons, and OCIB agreed to purchase and receive the methanol volume. Under the terms of the agreement, OCIB purchased the methanol from OCI Methanol Marketing at the market spot price on the day of delivery to the Beaumont facility. During the three and nine months ended September 30, 2018, the cost of the methanol purchased from OCI Methanol Marketing of approximately \$7,593 was included in cost of goods sold (exclusive of depreciation)—related party in the accompanying unaudited condensed consolidated statements of operations. No amounts were payable to OCI Methanol Marketing in relation to the methanol supply and sales agreement as of September 30, 2018.

Loans to Affiliates

On September 28, 2018, the Partnership agreed to provide OCI with an \$8,000 intercompany note on an unsecured basis and a maturity date of December 31, 2018. Borrowings under the intercompany note accrue interest at a rate equal to the sum of (i) the rate per annum applicable to the Term Loan Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Term Loan Facility) discussed in note 6(b), plus (ii) 0.50%. Notes receivable—related party, short term includes amounts due from OCI of \$8,000 as of September 30, 2018. The note was paid in full on October 16, 2018.

On September 20, 2018, OCIB entered into a non-cash intercompany settlement agreement with OCI Fuels and OCI to settle \$2,962 of accounts receivable—related party due to OCIB in relation charges incurred under the tolling agreement with OCI Fuels. Under the terms of the intercompany settlement agreement, OCI settled the outstanding amounts due to OCIB from OCI Fuels on OCI Fuel's behalf. OCIB then agreed to provide OCI with an \$2,962 intercompany note on an unsecured basis and a maturity date of December 31, 2018. Borrowings under the intercompany note accrue interest at a rate equal to the sum of (i) the rate per annum applicable to the Term Loan Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Term Loan Facility) discussed in note 6(b), plus (ii) 0.50%. As a result of this settlement agreement, notes receivable—related party, short term includes amounts due from OCI of \$2,962 as of September 30, 2018.

OCI PARTNERS LPNotes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

On September 28, 2018, the Partnership agreed to provide OCI Methanol Marketing with revolving loans on an unsecured basis with a maximum borrowing capacity of \$50,000 and a maturity date of January 1, 2020. Borrowings under the facility accrue interest at a rate equal to the sum of (i) the rate per annum applicable to the Term Loan Facility (including as such per annum rate fluctuated from time to time in accordance with the terms of the agreement governing the Term Loan Facility) discussed in note 6(b), plus (ii) 0.50%. Notes receivable—related party, long term includes amounts due from OCI Methanol Marketing of \$22,912 in principal withdraws from the revolving facility as of September 30, 2018. We recorded interest income—related party of \$137 for the three and nine months ended September 30, 2018 for interest earned on the loan. Interest receivable—related party is presented as a component of notes receivable—related party, short term in the accompanying unaudited condensed consolidated balance sheet.

Distributions and Payments to OCI USA

Prior to the completion of our initial public offering, certain assets of OCIB were distributed to OCI USA, including \$27,560 of trade receivables. All collections of transferred trade receivables have been received by the Partnership and remitted to OCI USA. On March 13, 2018, the Partnership used a portion of the proceeds from the Credit Agreement (as discussed in note 6(b)) to repay in full all amounts owed to OCI USA of \$9,327. As a result of the payment made on March 13, 2018, no amounts are due to OCI USA as of September 30, 2018.

Revolving Credit Facility—Related Party and Term Loan Facility—Related Party

As indicated above in note 6(a), OCIB recorded interest expense—related party of \$3,468 during the nine months ended September 30, 2018. Interest expense—related party relates to interest expense and commitment fees on the unused portion of the Revolving Credit Facility—Related Party and interest expense on our Term Loan Facility—Related Party, both payable to OCI USA. On March 13, 2018, the Partnership used a portion of the proceeds from the Credit Agreement (as discussed in note 6(b)) to repay in full all accrued interest—related party owed to OCI USA and as a result, no amounts were recorded as interest expense—related party during the three months ended September 30, 2018 and no amounts are due to OCI USA as of September 30, 2018.

Other Transactions with Related Parties*Guarantee of the Original Term Loan B Credit Facility*

The term loans under the Original Term Loan B Credit Facility and related fees and expenses were unconditionally guaranteed by OCI USA. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement to repay in full the outstanding principal and accrued interest under the Original Term B Loan Credit Facility. The guarantee by OCI USA of the Original Term Loan B Credit Facility was terminated on March 13, 2018 in connection with the repayment in full of the Original Term Loan B Credit Facility.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 8 — Significant Customers

During the three and nine months ended September 30, 2018, the following customers accounted for 10% or more of the Partnership's revenues:

Customer name	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Customer A	29%	36%
Customer B	14%	*
Customer C	12%	*
Customer D	*	15%

* Customer accounted for less than 10% of the Partnership's revenues for the period presented.

The loss of any one or more of the Partnership's significant customers noted above may have a material adverse effect on the Partnership's future results of operations.

Note 9 — Fair Value

The Partnership's receivables and payables are short-term in nature and, therefore, the carrying values approximate their respective values as of September 30, 2018. Debt accrues interest at a variable rate, and as such, the fair value approximates its carrying value as of September 30, 2018.

Note 10 — Commitments, Contingencies and Legal Proceedings

Litigation: In the ordinary course of business, we are, and will continue to be, involved in various claims and legal proceedings, some of which are covered in whole or in part by insurance. We may not be able to predict the timing or outcome of these or future claims and proceedings with certainty, and an unfavorable resolution of one or more of such matters could have a material adverse effect on our financial condition, results of operations or cash flows. Currently, we are not party to any legal proceedings that, individually or in the aggregate, are reasonably possible to have a material adverse effect on our financial condition, results of operations or cash flows.

Environmental: The Partnership's facilities could be subject to potential environmental liabilities primarily relating to contamination caused by current and/or former operations at those facilities. Some environmental laws could impose on the Partnership the entire costs of cleanup regardless of fault, legality of the original disposal or ownership of the disposal site. In some cases, the governmental entity with jurisdiction could seek an assessment for damage to the natural resources caused by contamination from those sites. The Partnership had no significant operating expenditures for environmental fines, penalties or government-imposed remedial or corrective actions during the three and nine months ended September 30, 2018.

Contractual Purchase Commitments: We are obligated to make payments under contractual purchase commitments, including unconditional purchase obligations. Our unconditional purchase obligation relates to the supply of nitrogen. The contract requires the purchase of minimum quantities of nitrogen at current market prices. We have estimated our payment obligations under the existing contract using current market prices and currently expect our purchases to exceed our minimum payment obligations. Our obligations to make future payments under the nitrogen supply contract as of September 30, 2018 are summarized in the following table:

	Total	2018	2019	2020	2021	2022	Thereafter
Purchase Obligations	\$ 32,856	\$ 1,440	\$ 5,712	\$ 5,712	\$ 5,712	\$ 5,712	\$ 8,568

Total payments relating to our nitrogen supply contract were approximately \$2,083 and \$5,591 during the three and nine months ended September 30, 2018, respectively.

OCI PARTNERS LP

Notes to the Unaudited Condensed Consolidated Financial Statements
(Dollars in thousands, except per unit data)

Note 11 — Earnings per Limited Partner Unit

The following table sets forth the computation of basic and diluted earnings per limited partner unit for the period indicated:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Net income	\$ 25,799	\$ 82,617
Basic and diluted weighted average number of limited partner units outstanding	86,997,590	86,997,590
Basic and diluted net income per limited partner unit	\$ 0.30	\$ 0.95

Note 12 — Partners' Capital and Partnership Distributions

As of September 30, 2018, the Partnership had a total of 86,997,590 common units issued and outstanding, of which 86,997,590 common units are owned by OCI or affiliates thereof, representing approximately 100% of the total Partnership common units outstanding.

The Partnership declared the following cash distributions to its unitholders for the periods presented:

Period of Cash Distribution	Distribution	Distributions— Related Party	Total Cash Distribution	Date of Distribution
First Quarter, ended March 31, 2018 (1)	\$ 3,885	\$ 29,174	\$ 33,059	June 8, 2018
Second Quarter, ended June 30, 2018 (2)	\$ —	\$ 25,000	\$ 25,000	July 23, 2018
Third Quarter, ended September 30, 2018 (3)	\$ —	\$ 20,000	\$ 20,000	See footnote 3

- (1) Prior to the Buyout from OCI, cash distributions for a quarter were declared and paid in the following quarter.
- (2) Due to the Offer and Buyout from OCI as discussed in note 1, as of July 17, 2018, OCI owned 100% of the total Partnership interest and consequently, any distribution declared subsequent to July 17, 2018 was paid in its entirety to OCI.
- (3) Following the Offer and Buyout from OCI as discussed in note 1, the Partnership revised its cash distribution policy to calculate the cash available for distributions upon certain excess cash levels and to grant distributions on a monthly basis, instead of quarterly. Amounts shown are the combined monthly distributions granted during the quarter.

Note 13 — Subsequent Events

None.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition, results of operations and cash flows in conjunction with our unaudited condensed consolidated financial statements and the related notes presented in this report as well as the consolidated financial statements and related notes, together with our discussion and analysis of financial condition and results of operations, included in our Annual Report on Form 10-K for the year ended December 31, 2017.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements and may address certain plans, activities or events which will or may occur in the future. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include the words "will," "believe," "expect," "anticipate," "intend," "estimate" and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Our forward-looking statements include statements about our business strategy, our industry, our expected revenues, our future profitability, our expected capital expenditures (including for maintenance or expansion projects and environmental expenditures) and the impact of such expenditures on our performance. These statements involve known and unknown risks, uncertainties and other factors, including the factors described under Item 1A—"Risk Factors" in our Annual Report that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Such risks and uncertainties include, among other things:

- the volatile nature of our business, our ability to remain profitable and the variable nature of our cash distributions;
- planned and unplanned downtime (including in connection with maintenance turnarounds), shutdowns (either temporary or permanent) or restarts of existing methanol and ammonia facilities, including, without limitation, the timing and length of planned maintenance outages;
- our ability to forecast our future financial condition or results of operations and our future revenues and expenses;
- our reliance on a single facility for conducting our operations;
- intense competition from other methanol and ammonia producers, such as Yara Freeport, LLC that opened a 750,000 metric ton ammonia plant in Freeport, TX in April 2018, including recent announcements by other producers, including other OCI affiliates, of their intentions to relocate, restart or construct methanol or ammonia plants in the Texas Gulf Coast region or elsewhere in the United States;
- risks relating to our relationships with OCI or its affiliates, including competition from the 1.8 million metric ton methanol plant that commenced production in June 2018 in Beaumont, TX by Natgasoline, LLC ("Natgasoline"), an entity in which OCI indirectly owns a 50% interest;
- potential operating hazards from accidents, fire, severe weather, floods or other natural disasters;
- our lack of contracts that provide for minimum commitments from our customers;
- the cyclical nature of our business;
- expected demand for methanol, ammonia and their derivatives;
- expected methanol, ammonia and energy prices;
- anticipated methanol and ammonia production rates at our plant;
- our reliance on insurance policies that may not fully cover an accident or event that causes significant damage to our facility or causes extended business interruption;
- our reliance on natural gas delivered to us by our suppliers, including a subsidiary of Kinder Morgan Energy Partners, L.P. ("Kinder Morgan"); Houston Pipe Line Company, LP ("Houston Pipe Line Company"), a subsidiary of Energy Transfer Partners, L.P. and Enterprise Product Operating, LLC ("Enterprise Products"), a subsidiary of Enterprise Products Partners L.P.;
- expected levels, timing and availability of economically priced natural gas and other feedstock supplies to our plant;

- expected operating costs, including natural gas and other feedstock costs and logistics costs;
- expected new methanol or ammonia supply or restart of idled plant capacity and timing for start-up of new or idled production facilities;
- our expected capital expenditures;
- the impact of regulatory developments on the demand for our products;
- global and regional economic activity (including industrial production levels);
- the dependence of our operations on a few third-party suppliers, including providers of transportation services and equipment;
- the risk associated with changes, or potential changes, in governmental policies affecting the agricultural industry;
- the hazardous nature of our products, potential liability for accidents involving our products that cause interruption to our business, severe damage to property or injury to the environment and human health and potential increased costs relating to the transport of our products;
- our potential inability to obtain or renew permits;
- existing and proposed environmental laws and regulations, including those relating to climate change, alternative energy or fuel sources, and the end-use and application of our products;
- new regulations concerning the transportation of hazardous chemicals, risks of terrorism and the security of chemical manufacturing facilities;
- our lack of asset and geographic diversification;
- our dependence on a limited number of significant customers;
- our ability to comply with employee safety laws and regulations;
- our potential inability to successfully implement our business strategies, including the completion of significant capital programs;
- additional risks, compliance costs and liabilities from expansions or acquisitions;
- our reliance on our senior management team;
- the potential shortage of skilled labor or loss of key personnel;
- our ability to obtain debt or equity financing on satisfactory terms to fund additional acquisitions, expansion projects, working capital requirements and the repayment or refinancing of indebtedness;
- restrictions in our debt agreements, including those on our ability to distribute cash or conduct our business;
- the conflicts of interest faced by our senior management team, which manages both our business and the businesses of various affiliates;
- the impact of regulations recently issued by the Internal Revenue Service (“IRS”) and the U.S. Department of the Treasury on our status as a partnership for U.S. federal income tax purposes; and
- changes in our treatment as a partnership for U.S. federal income or state tax purposes.

You should not place undue reliance on our forward-looking statements. Although forward-looking statements reflect our good faith beliefs, forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, unless required by law.

OVERVIEW

We are a Delaware limited partnership formed in February 2013 whose focus is on the production, marketing and distribution of methanol and anhydrous ammonia. Our production facility is strategically located on the U.S. Gulf Coast near Beaumont, Texas and commenced full operations during August 2012. Our facility has pipeline connections to adjacent customers, port access with dedicated methanol and ammonia import/export jetties, allowing us to ship both products along the Gulf Coast or export internationally, and truck loading facilities for both methanol and ammonia.

We are currently one of the larger merchant methanol producers in the United States, with an annual methanol production design capacity of approximately 912,500 metric tons and an annual ammonia production design capacity of approximately 331,000 metric tons.

Both methanol and ammonia are global commodities that are essential building blocks for numerous end-use products. Methanol is a liquid petrochemical that is used in a variety of industrial and energy-related applications. The primary use of methanol is to make other chemicals, with approximately 42% of global methanol demand being used to produce formaldehyde, acetic acid and a variety of other chemicals that form the foundation of a large number of chemical derivatives. These derivatives are used to produce a wide range of products, including adhesives for the lumber industry, plywood, particle board and laminates, resins to treat paper and plastic products, and also paint and varnish removers, solvents for the textile industry and polyester fibers for clothing and carpeting. Energy related applications consume approximately 29% of methanol demand. In recent years, there has been a strong demand for methanol in energy applications such as gasoline blending, biodiesel and as a feedstock in the production of dimethyl ether (“DME”) and Methyl tertiary-butyl ether (“MTBE”). Methanol blending in gasoline is currently not permitted in the United States. Methanol-to-olefins (“MTO”) consumes the remaining 29% of global methanol demand as the MTO segment in China has grown by approximately 44% from 2016 to 2017, causing China to become increasingly reliant on imported methanol. Ammonia, produced in anhydrous form (containing no water) from the reaction of nitrogen and hydrogen, constitutes the base feedstock for nearly all of the world’s nitrogen chemical production. In the United States, ammonia is primarily used as a feedstock to produce nitrogen fertilizers, such as urea and ammonium sulfate, and is also directly applied to soil as a fertilizer. In addition, ammonia is widely used in industrial applications, particularly in the Texas Gulf Coast market, including in the production of plastics, synthetic fibers, resins and numerous other chemical derivatives.

How We Evaluate Our Operations

Our management uses a variety of financial and operating metrics to analyze our performance. These metrics are significant factors in assessing our results of operations and profitability and include capacity utilization and EBITDA (as defined below). We view these metrics as important factors in evaluating our profitability and frequently review these measurements to analyze trends and make decisions.

Capacity Utilization

During the three months ended September 30, 2018, our ammonia and methanol production units were in operation for 90 days and 78 days, respectively. During the three months ended September 30, 2018, the ammonia production units experienced 2 days of unplanned downtime primarily due to inclement weather during the roof replacement of the old control room which caused rain water to temporarily disable our distributive control system. During the three months ended September 30, 2018, the methanol production units experienced 14 days of unplanned downtime due to the replacement of the selective catalytic reduction unit catalyst, the temporarily disablement of our distributive control system as mentioned above, and a failure of the steam flow venturi. All of these issues driving down time were resolved during the unplanned downtime.

We produced approximately 85,553 metric tons of ammonia and approximately 194,510 metric tons of methanol during the three months ended September 30, 2018, representing capacity utilization rates of 103% and 85% for the ammonia and methanol production units, respectively.

During the nine months ended September 30, 2018, our ammonia and methanol production units were in operation for 253 days and 255 days, respectively. During the nine months ended September 30, 2018, the ammonia production units experienced 20 days of unplanned downtime due to the factors mentioned above as well as a torus ring failure on a steam generator, refrigeration compressor seal failure and repairs to our pressure swing absorption unit feed gas cooler. The pressure swing absorption unit separates hydrogen from other gases. During the nine months ended September 30, 2018, the methanol production units experienced 18 days of unplanned downtime due to the factors mentioned above as well as the repair of a crack in a steam flow meter and the cleaning of the reformer selective catalytic reduction unit catalyst.

We produced approximately 237,444 metric tons of ammonia and approximately 627,417 metric tons of methanol during the nine months ended September 30, 2018, representing capacity utilization rates of 96% and 92% for the ammonia and methanol production units, respectively.

EBITDA

EBITDA is defined as net income plus (i) interest expense and other financing costs, (ii) interest expense—related party, (iii) interest income—related party, (iv) loss on extinguishment of debt, (v) loss on the disposition of fixed assets, (vi) income tax expense and (vii) depreciation expense. EBITDA is used as a supplemental financial measure by management and by external users of our financial statements, such as investors and commercial banks, to assess:

- the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; and
- our operating performance and return on invested capital compared to those of other publicly traded partnerships, without regard to financing methods and capital structure.

EBITDA should not be considered as an alternative to net income, operating income, net cash provided by operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. EBITDA may have material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. In addition, EBITDA presented by other companies may not be comparable to our presentation because each company may define EBITDA differently.

SELECTED FINANCIAL DATA

The following table includes selected summary financial data for the three and nine months ended September 30, 2018. The data below should be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this report. The data below is in thousands, except for production, capacity utilization rates, and natural gas pricing which is shown in \$ per MMBtu.

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	(in thousands)	(in thousands)
Net income	\$ 25,799	\$ 82,617
Add:		
Interest expense	7,826	21,455
Interest expense—related party	—	3,468
Interest income—related party	(137)	(137)
Loss on extinguishment of debt	—	3,501
Loss on the disposition of fixed assets	212	1,238
Income tax expense (benefit)	(38)	749
Depreciation expense	16,065	46,535
EBITDA	\$ 49,727	\$ 159,426

	Production (in metric tons)	Capacity Utilization Rate ¹ (%)	Price of Natural Gas ² (\$ per MMBtu)
	For the Three Months Ended September 30, 2018		
Ammonia	85,553	103%	\$ 3.12
Methanol	194,510	85%	\$ 3.12

	Production (in metric tons)	Capacity Utilization Rate ¹ (%)	Price of Natural Gas ² (\$ per MMBtu)
	For the Nine Months Ended September 30, 2018		
Ammonia	237,444	96%	\$ 3.15
Methanol	627,417	92%	\$ 3.15

- (1) Calculated by total production volumes for a production unit for a given period, divided by the production capacity of that production unit. Production capacity is determined by the product of the daily design capacity for a production unit and the number of days during a period, excluding planned downtime. Daily design capacity is 907 metric tons per day for our ammonia production unit and 2,500 metric tons per day for our methanol production unit.
- (2) Average purchase price of natural gas (\$ per MMBtu) which is the Houston Ship Channel price plus a delivery fee, for a given period and adjusted for the value of any natural gas hedging transactions.

THE RESULTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018:
Revenues

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	(in thousands)			
	\$ 114,314		\$ 337,832	
Total revenues	\$ 114,314		\$ 337,832	
	For the Three Months Ended September 30, 2018		For the Nine Months Ended September 30, 2018	
	Metric Tons	Revenue	Metric Tons	Revenue
	(in thousands)		(in thousands)	
Revenues:				
Ammonia	88.4	\$ 25,443	241.5	\$ 69,414
Methanol	224.9	88,821	672.5	268,325
Other	—	50	—	93
Total	313.3	\$ 114,314	914.0	\$ 337,832

Our revenues and revenues—related party (“Total Revenues”) were approximately \$114.3 million for the three months ended September 30, 2018 and approximately \$337.8 million for the nine months ended September 30, 2018. Our methanol revenues were approximately \$88.8 million for the three months ended September 30, 2018 compared to approximately \$268.3 million for the nine months ended September 30, 2018. Our ammonia revenues were approximately \$25.4 million for the three months ended September 30, 2018 and approximately \$69.4 million for the nine months ended September 30, 2018.

We sold approximately 224,900 metric tons of methanol during the three months ended September 30, 2018 and approximately 672,500 metric tons of methanol during the nine months ended September 30, 2018. The average sales prices for methanol during the three months ended September 30, 2018 was \$395 per metric ton compared to \$399 per metric ton for the nine months ended September 30, 2018. Sales of methanol comprised approximately 78% of our Total Revenues for the three months ended September 30, 2018 compared to 79% of our Total Revenues for the nine months ended September 30, 2018.

Set forth below is a table showing average methanol sales prices per metric ton, per quarter for the previous three fiscal quarters.

	Average Methanol Sales Prices	
	2018	
For the Three Months Ended:		
March 31	\$	401
June 30	\$	401
September 30	\$	395
December 31	\$	—

We sold approximately 88,400 metric tons of ammonia during the three months ended September 30, 2018 and approximately 241,500 metric tons of ammonia during the nine months ended September 30, 2018. The average sales price for ammonia during the three months ended September 30, 2018 was \$288 per metric ton compared to \$287 per metric ton for the nine months ended September 30, 2018. Sales of ammonia comprised approximately 22% of our Total Revenues for the three months ended September 30, 2018 compared to 21% of our Total Revenues for the nine months ended September 30, 2018.

Set forth below is a table showing average ammonia sales prices per metric ton, per quarter for the previous three fiscal quarters.

	<u>Average Ammonia Sales Prices</u>	
	<u>2018</u>	
For the Three Months Ended:		
March 31	\$	317
June 30	\$	260
September 30	\$	288
December 31	\$	—

Cost of Sales (exclusive of depreciation)

	<u>For the Three Months Ended</u> <u>September 30, 2018</u>		<u>For the Nine-Months Ended</u> <u>September 30, 2018</u>	
	<u>\$ in</u> <u>thousands</u>	<u>% of Total</u>	<u>\$ in</u> <u>thousands</u>	<u>% of Total</u>
Natural Gas	\$ 27,712	46.0%	\$ 87,443	53.3%
Hydrogen	\$ 7,673	12.7	\$ 19,399	11.8
Nitrogen	\$ 2,083	3.5	\$ 5,591	3.4
Maintenance	\$ 3,897	6.5	\$ 10,680	6.5
Labor	\$ 4,267	7.1	\$ 12,136	7.4
Procured methanol	\$ 7,593	12.6	\$ 11,724	7.1
Other	\$ 6,957	11.6	\$ 17,110	10.4
Total	<u>\$ 60,182</u>	100%	<u>\$ 164,083</u>	100%

Total Cost of Goods Sold (exclusive of depreciation) was approximately \$60.2 million and 53% of Total Revenue for the three months ended September 30, 2018, and \$164.1 million and 49% of Total Revenue for the nine months ended September 30, 2018. The purchase price of natural gas was approximately \$3.12 per MMBtu during the three months ended September 30, 2018 and approximately \$3.15 per MMBtu during the nine months ended September 30, 2018.

Set forth below is a table showing our purchase price for natural gas per MMBtu, per quarter for the previous three fiscal quarters.

	<u>Natural Gas Purchase Prices</u>	
	<u>2018</u>	
For the Three-Months Ended:		
March 31	\$	3.30
June 30	\$	3.01
September 30	\$	3.12
December 31		—

Depreciation Expense

Depreciation expense was approximately \$16.1 million for the three months ended September 30, 2018 and approximately \$46.5 million for the nine months ended September 30, 2018.

Selling, General and Administrative Expense

Our selling, general and administrative expenses were approximately \$3.6 million for the three months ended September 30, 2018 and approximately \$10.5 million for the nine months ended September 30, 2018.

Our selling, general and administrative expenses—related party were approximately \$0.8 million for the three months ended September 30, 2018 and approximately \$3.9 million for the nine months ended September 30, 2018.

Interest Expense

Interest expense was approximately \$7.8 million for the three months ended September 30, 2018 and \$21.5 million for the nine months ended September 30, 2018. As of September 30, 2018, we had \$452.7 million in principal outstanding under the Term Loan Facility that accrues interest at a rate of 4.00% plus LIBOR.

Interest expense—related party was approximately \$3.5 for the nine months ended September 30, 2018. No amounts were recorded as interest expense—related party during the three months ended September 30, 2018 as the result of the repayment of the Term Loan Facility—Related Party with proceeds from the Credit Agreement as discussed in note 6(b).

Loss on extinguishment of debt

Loss on extinguishment of debt was approximately \$3.5 million for the nine months ended September 30, 2018. This loss was due to the repayment of our borrowings under the Original Term Loan B Credit Facility in March 2018 and the resulting recognition of an expense for all remaining unamortized deferred financing fees. There were no such losses on extinguishment of debt during the three months ended September 30, 2018.

Loss on the disposition of fixed assets

Loss on the disposition of fixed assets was approximately \$0.2 million during the three months ended September 30, 2018 and \$1.2 million for the nine months ended September 30, 2018.

CASH FLOWS

Our profits, operating cash flows and cash available for distribution are subject to changes in the prices of our products and natural gas, which is our primary feedstock. Our products and feedstocks are commodities and, as such, their prices can be volatile in response to numerous factors outside of our control.

The following table summarizes our unaudited condensed consolidated statements of cash flows:

	For the Nine Months Ended September 30, 2018
	(in thousands)
Net cash provided by (used in):	
Operating activities	131,069
Investing activities	(37,332)
Financing activities	(94,401)
Net increase in cash and cash equivalents	(664)

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2018 was approximately \$131.1 million. We had a net income of approximately \$82.6 for the nine months ended September 30, 2018. During this period, we recorded depreciation expense of \$46.5 million, amortization of debt issuance costs of \$1.1 million, a loss on extinguishment of debt of \$3.5 million and a loss on the disposition of fixed assets of \$1.2 million. Accounts receivable and accounts receivable—related party, which is approximately equal to one month of revenue, increased by \$3.4 million during the nine months ended September 30, 2018. The increase in accounts receivable and accounts receivable—related party is due to the increase in our average ammonia and methanol sales prices. Inventories decreased by \$3.3 million due to a decrease in the quantity of methanol on hand. Advances due from related parties increased by \$2.0 million due to expenses associated with the tender offer and buyout from OCI that were incurred on behalf of OCI and its affiliates. Other non-current assets, other current assets and prepaid expenses decreased by \$1.2 million due to management's efforts for the renegotiation of payment terms with our natural gas suppliers that eliminated the prepayment of natural gas. Accrued interest decreased by \$2.2 million primarily due to the timing of interest payments and accruals on the facilities under the Credit Agreement as we have interest payments due prior to the end of each fiscal quarter. Accrued interest—related party decreased by \$1.5 million. On March 13, 2018, the Partnership utilized the funds borrowed under the Credit Agreement, in part, to repay in full the outstanding accrued interest of \$1.4 million under the Original Term Loan B Credit Facility, \$80,000 of commitment fees outstanding under the Original Revolving Credit Facility, \$0.6 million of accrued interest outstanding under the Term Loan Facility—Related Party and \$7,000 of commitment fees outstanding under the Revolving Credit Facility—Related Party. Please read note 6 – Debt to the unaudited condensed consolidated financial statements included in this report for additional information.

Investing Activities

Net cash used in investing activities was approximately \$37.3 million for the nine months ended September 30, 2018. Loans to affiliates increased by \$34.0 million. We have the ability as part of our treasury management function to provide short term financing to our affiliates as a way of efficiently deploying our excess cash and earning a higher return than we would in other short term investments or overnight funds. These loans are unsecured, bear the Term Loan Facility interest rate plus 50 basis points and are due upon demand.

Financing Activities

Net cash used in financing activities was approximately \$94.4 million for the nine months ended September 30, 2018. During the nine months ended September 30, 2018, we received \$455.0 million in proceeds from the Credit Agreement and subsequently repaid the outstanding balance of the Original Term Loan B Credit Facility of \$231.8 million, the outstanding balance of the Term Loan Facility—related party of \$200.0 million, remitted \$9.3 million of transferred trade receivables to OCI USA and paid \$8.2 million in deferred financing costs associated with the Credit Agreement. In addition, during January 2018 we repaid borrowings of \$16.0 million on the Original Revolving Credit Facility. We also repaid borrowings of \$2.3 million on the Term Loan Facility. Proceeds from the accounts receivable securitization program were \$19.7 million. Please read note 6 – Debt to the unaudited condensed consolidated financial statements included in this report for additional information. During the nine months ended September 30, 2018, we paid cash distributions to unitholders of \$101.5 million.