

Delek US Holdings, Inc.  
Form 10-Q  
August 05, 2016  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the  
quarterly  
period ended  
June 30, 2016

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 001-32868  
DELEK US HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)  
Delaware 52-2319066  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

7102 Commerce Way  
Brentwood, Tennessee 37027  
(Address of principal executive offices) (Zip Code)  
(615) 771-6701  
(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company   
 (Do not check if a smaller reporting company)

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

At July 29, 2016, there were 61,823,562 shares of common stock, \$0.01 par value, outstanding (excluding securities held by, or for the account of, the Company or its subsidiaries).

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- Exhibit 31.1
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- EX-101 INSTANCE DOCUMENT
- EX-101 SCHEMA DOCUMENT
- EX-101 CALCULATION LINKBASE DOCUMENT
- EX-101 LABELS LINKBASE DOCUMENT
- EX-101 PRESENTATION LINKBASE DOCUMENT

Part I.  
FINANCIAL INFORMATION  
Item 1. Financial Statements

Delek US Holdings, Inc.  
Condensed Consolidated Balance Sheets (Unaudited)  
(In millions, except share and per share data)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$377.1	\$ 302.2
Accounts receivable	249.1	233.0
Accounts receivable from related party	0.1	0.5
Inventories, net of lower of cost or market valuation	407.8	307.6
Other current assets	74.1	145.5
Total current assets	1,108.2	988.8
Property, plant and equipment:		
Property, plant and equipment	2,105.1	2,100.1
Less: accumulated depreciation	(640.3 )	(579.0 )
Property, plant and equipment, net	1,464.8	1,521.1
Goodwill	74.4	74.4
Other intangibles, net	27.3	27.3
Equity method investments	599.7	605.2
Other non-current assets	88.9	108.1
Total assets	\$3,363.3	\$ 3,324.9
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$465.7	\$ 397.6
Current portion of long-term debt and capital lease obligations	91.7	95.2
Obligation under Supply and Offtake Agreement	129.8	132.0
Accrued expenses and other current liabilities	226.6	134.9
Total current liabilities	913.8	759.7
Non-current liabilities:		
Long-term debt and capital lease obligations, net of current portion	849.7	880.5
Environmental liabilities, net of current portion	6.7	7.9
Asset retirement obligations	9.5	9.7
Deferred tax liabilities	231.8	247.9
Other non-current liabilities	37.0	65.3
Total non-current liabilities	1,134.7	1,211.3
Stockholders' equity:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, \$0.01 par value, 110,000,000 shares authorized, 67,019,353 shares and 66,946,721 shares issued at June 30, 2016 and December 31, 2015, respectively	0.7	0.7
Additional paid-in capital	646.3	639.2
Accumulated other comprehensive loss	(30.8 )	(45.3 )
Treasury stock, 5,195,791 shares and 4,809,701 shares, at cost, as of June 30, 2016 and December 31, 2015, respectively	(160.8 )	(154.8 )
Retained earnings	658.4	713.5

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Non-controlling interest in subsidiaries	201.0	200.6
Total stockholders' equity	1,314.8	1,353.9
Total liabilities and stockholders' equity	\$3,363.3	\$ 3,324.9
See accompanying notes to condensed consolidated financial statements		

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Delek US Holdings, Inc.  
Condensed Consolidated Statements of Income (Unaudited)  
(In millions, except share and per share data)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net sales	\$1,426.4	\$1,693.1	\$2,532.3	\$2,843.7
Operating costs and expenses:				
Cost of goods sold	1,253.9	1,438.2	2,245.0	2,444.3
Operating expenses	90.3	106.0	192.2	197.4
Insurance proceeds — business interruption	—	—	(42.4)	—
General and administrative expenses	29.3	34.3	63.9	67.0
Depreciation and amortization	37.3	34.9	73.4	63.2
Other operating income, net	(0.3)	(0.1)	—	(0.1)
Total operating costs and expenses	1,410.5	1,613.3	2,532.1	2,771.8
Operating income	15.9	79.8	0.2	71.9
Interest expense	15.4	17.3	30.4	27.4
Interest income	(0.4)	(0.2)	(0.7)	(0.6)
Loss (income) from equity method investments	10.6	(7.4)	28.6	(7.4)
Other (income) loss, net	(0.1)	(0.1)	0.5	(1.0)
Total non-operating expenses, net	25.5	9.6	58.8	18.4
(Loss) income before income tax (benefit) expense	(9.6)	70.2	(58.6)	53.5
Income tax (benefit) expense	(9.0)	15.1	(34.1)	9.1
Net (loss) income	(0.6)	55.1	(24.5)	44.4
Net income attributed to non-controlling interest	6.4	6.8	11.7	12.2
Net (loss) income attributable to Delek	\$(7.0)	\$48.3	\$(36.2)	\$32.2
Basic (loss) earnings per share	\$(0.11)	\$0.80	\$(0.58)	\$0.55
Diluted (loss) earnings per share	\$(0.11)	\$0.79	\$(0.58)	\$0.54
Weighted average common shares outstanding:				
Basic	61,827,201	60,555,444	61,979,604	58,931,705
Diluted	61,827,201	61,114,471	61,979,604	59,470,929
Dividends declared per common share outstanding	\$0.15	\$0.15	\$0.30	\$0.30

See accompanying notes to condensed consolidated financial statements

Delek US Holdings, Inc.  
Condensed Consolidated Statements of Comprehensive Income (Unaudited)  
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net (loss) income attributable to Delek	\$ (7.0)	\$ 48.3	\$ (36.2)	\$ 32.2
Other comprehensive income (loss):				
Commodity contracts designated as cash flow hedges:				
Unrealized gains, net of ineffectiveness losses (gains) of \$(1.5) million and \$(0.5) million for the three and six months ended June 30, 2016, respectively, and \$3.9 million and \$8.9 million for the three and six months ended June 30, 2015, respectively.	14.8	21.0	7.9	3.5
Realized losses (gains) reclassified to cost of goods sold	7.1	5.6	14.4	(2.3 )
Gain on cash flow hedges, net	21.9	26.6	22.3	1.2
Income tax expense	(7.7 )	(9.3 )	(7.8 )	(0.4 )
Net comprehensive income on commodity contracts designated as cash flow hedges	14.2	17.3	14.5	0.8
Foreign currency translation gain (loss)	0.1	—	0.2	(0.1 )
Other comprehensive loss from equity method investments, net of tax benefit of \$0.1 million for the six months ended June 30, 2016.	—	(1.5 )	(0.2 )	(1.5 )
Total other comprehensive income (loss)	14.3	15.8	14.5	(0.8 )
Comprehensive income (loss) attributable to Delek	\$ 7.3	\$ 64.1	\$ (21.7)	\$ 31.4
See accompanying notes to condensed consolidated financial statements				

Delek US Holdings, Inc.  
 Condensed Consolidated Statements of Cash Flows (Unaudited)  
 (In millions)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net (loss) income	\$(24.5)	\$44.4
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	73.4	63.2
Amortization of deferred financing costs and debt discount	2.6	2.2
Accretion of asset retirement obligations	0.3	0.2
Deferred income taxes	(24.2 )	(0.3 )
Loss (income) from equity method investments	28.6	