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SunCoke Energy Partners, L.P.
Form 10-Q
October 30, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2013

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 001-35782

SUNCOKE ENERGY PARTNERS, L.P.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
1011 Warrenville Road, Suite 600
Lisle, Illinois 60532
(630) 824-1000
(Registrant’s telephone number, including area code)

35-2451470
(I.R.S. Employer
Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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.

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

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act) of 1934. Yes No

The registrant had 15,712,405 common units and 15,709,697 subordinated units outstanding at October 25, 2013.

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PART I - FINANCIAL INFORMATION

SunCoke Energy Partners, L.P.
Combined and Consolidated Statements of Income
(Unaudited)

Item 1. Combined and Consolidated Financial Statements

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	Predecessor		Predecessor	
	(Dollars and units in millions, except per unit amounts)			
Revenues				
Sales and other operating revenue	\$ 162.0	\$ 195.2	\$ 514.6	\$ 554.0
Costs and operating expenses				
Cost of products sold and operating expenses	118.9	155.3	383.3	446.4
Selling, general and administrative expenses	7.4	5.2	16.5	16.5
Depreciation expense	8.3	7.7	23.5	24.4
Total costs and operating expenses	134.6	168.2	423.3	487.3
Operating income	27.4	27.0	91.3	66.7
Interest expense, net	2.8	2.5	12.3	7.8
Income before income tax expense	24.6	24.5	79.0	58.9
Income tax expense	0.1	7.1	4.2	17.4
Net income	\$ 24.5	\$ 17.4	\$ 74.8	\$ 41.5
Less: Net income attributable to noncontrolling interests	10.8		30.0	
Net income attributable to SunCoke Energy Partners, L.P./Predecessor	\$ 13.7		\$ 44.8	
Less: Predecessor net income prior to initial public offering on January 24, 2013	—		3.5	
Net income attributable to Suncoke Energy Partners, L.P. subsequent to initial public offering	\$ 13.7		\$ 41.3	
General partner's interest in net income	\$ 0.3		\$ 0.9	
Common unitholders' interest in net income	\$ 6.7		\$ 20.2	
Subordinated unitholders' interest in net income	\$ 6.7		\$ 20.2	
Weighted average common units outstanding (basic and diluted)	15.7		15.7	
Weighted average subordinated units outstanding (basic and diluted)	15.7		15.7	
Net income per common unit (basic and diluted)	\$ 0.43		\$ 1.29	
Net income per subordinated unit (basic and diluted)	\$ 0.43		\$ 1.29	

(See Accompanying Notes)

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Combined and Consolidated Balance Sheets

	September 30, 2013 (Unaudited) (Dollars in millions)	December 31, 2012 Predecessor
Assets		
Cash	\$78.5	\$—
Receivables	26.0	27.4
Inventories	57.9	63.2
Total current assets	162.4	90.6
Properties, plants and equipment, net	792.5	768.7
Deferred income taxes	—	21.4
Deferred charges and other assets	7.9	4.8
Total assets	\$962.8	\$885.5
Liabilities and Equity		
Accounts payable	\$41.5	\$41.5
Accrued liabilities	3.5	17.0
Interest payable	1.8	—
Payable to affiliate	0.7	—
Total current liabilities	47.5	58.5
Long-term debt	149.7	225.0
Deferred income taxes	1.7	—
Other deferred credits and liabilities	0.3	0.3
Total liabilities	199.2	283.8
Equity		
Parent net equity	—	601.7
Held by public:		
Common units (13,502,708 units issued and outstanding at September 30, 2013)	239.4	—
Held by parent:		
Common units (2,209,697 units issued and outstanding at September 30, 2013)	40.8	—
Subordinated units (15,709,697 units issued and outstanding at September 30, 2013)	288.9	—
General partner interest (2% interest)	7.6	—
Partners' capital attributable to SunCoke Energy Partners, L.P./ parent net equity	576.7	601.7
Noncontrolling interest	186.9	—
Total equity	763.6	601.7
Total liabilities and partners'/parent net equity	\$962.8	\$885.5

(See Accompanying Notes)

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Combined and Consolidated Statements of Cash Flows
(Unaudited)

	Nine Months Ended September 30,	
	2013	2012 Predecessor
	(Dollars in millions)	
Cash Flows from Operating Activities:		
Net income	\$74.8	\$41.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	23.5	24.4
Deferred income tax expense	3.9	17.4
Changes in working capital pertaining to operating activities, net of acquisition:		
Receivables	(33.2)	(22.6)
Inventories	8.0	(4.4)
Accounts payable	—	(25.6)
Accrued liabilities	(13.5)	—
Interest payable	1.8	—
Other	4.4	—
Net cash provided by operating activities	69.7	30.7
Cash Flows from Investing Activities:		
Capital expenditures	(20.4)	(8.1)
Acquisition of business	(28.6)	—
Net cash used in investing activities	(49.0)	(8.1)
Cash Flows from Financing Activities:		
Proceeds from issuance of common units of SunCoke Energy Partners, L.P., net of offering costs	231.8	—
Proceeds from issuance of long-term debt	150.0	—
Payment for debt issuance costs related to the issuance of long-term debt	(6.8)	—
Repayment of long-term debt	(225.0)	—
Net transfer to parent	—	(22.6)
Capital contribution from SunCoke Energy Partners GP LLC	0.6	—
Distributions to unitholders (public and parent)	(23.3)	—
Distributions to SunCoke Energy, Inc.	(69.5)	—
Net cash provided by (used in) financing activities	57.8	(22.6)
Net increase in cash	78.5	—
Cash at beginning of period	—	—
Cash at end of period	\$78.5	\$—

(See Accompanying Notes)

Table of ContentsSunCoke Energy Partners, L.P.
Combined and Consolidated Statements of Equity
(Unaudited)

	Predecessor	Partnership Common - Public	Common - SunCoke	Subordinated - SunCoke	General Partner - SunCoke	Noncontrolling Interest	Total
	(Dollars in millions)						
At December 31, 2011	\$623.2	\$—	\$—	\$—	\$—	\$—	\$623.2
Net income	41.5	—	—	—	—	—	41.5
Net increase in parent net equity	(22.6)	—	—	—	—	—	(22.6)
At September 30, 2012	\$642.1	\$—	\$—	\$—	\$—	\$—	\$642.1
At December 31, 2012	\$601.7	\$—	\$—	\$—	\$—	\$—	\$601.7
Predecessor net income prior to IPO on January 24, 2013	3.5	—	—	—	—	—	3.5
Predecessor net assets not assumed by SunCoke Energy Partners, L.P.	(52.6)	—	—	—	—	—	(52.6)
Allocation of 65 percent of net parent investment to unitholders SunCoke Energy, Inc. 35 percent retained interest in Haverhill and Middletown	(359.3)	—	43.5	308.6	7.2	—	—
Proceeds from initial public offering, net of offering expenses	—	231.8	—	—	—	—	231.8
Unit-based compensation expense	—	0.1	—	—	—	—	0.1
Capital contribution from SunCoke Energy Partners GP LLC	—	—	—	—	0.6	—	0.6
Distributions to SunCoke Energy, Inc.	—	—	(4.0)	(28.5)	(0.6)	(36.4)	(69.5)
Distributions to unitholders	—	(9.8)	(1.6)	(11.4)	(0.5)	—	(23.3)
Partnership net income subsequent to IPO on January 24, 2013	—	17.3	2.9	20.2	0.9	30.0	71.3
At September 30, 2013	\$—	\$239.4	\$40.8	\$288.9	\$ 7.6	\$ 186.9	\$763.6

(See Accompanying Notes)

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SunCoke Energy Partners, L.P.

Notes to the Combined and Consolidated Financial Statements

1. General

Description of Business and Basis of Presentation

SunCoke Energy Partners, L.P., (the "Partnership"), is a Delaware limited partnership formed in July 2012 which manufactures coke used in the blast furnace production of steel. On January 24, 2013, we completed the initial public offering ("IPO") of our common units representing limited partner interests. In connection with the IPO, we acquired from SunCoke Energy, Inc. ("SunCoke"), a 65 percent interest in each of Haverhill Coke Company LLC ("Haverhill") and Middletown Coke Company, LLC ("Middletown") and the cokemaking facilities and related assets held by Haverhill and Middletown. SunCoke owns the remaining 35 percent interest in each of Haverhill and Middletown. SunCoke, through its subsidiary, owns a 55.9 percent partnership interest in us and all of our incentive distribution rights and indirectly owns and controls our general partner, which holds a 2 percent general partner interest in us. On August 30, 2013, the Partnership completed its acquisition of the assets and business operations of Lakeshore Coal Handling Corporation, a coal handling and blending service provider. See Note 3.

The Combined Financial Statements for periods prior to the IPO are the results of SunCoke Energy Partners' Predecessor (the "Predecessor") and were prepared using SunCoke's historical basis in the assets and liabilities of the Predecessor, and include all revenues, costs, assets and liabilities attributed to the Predecessor after the elimination of all significant intercompany accounts and transactions. The Consolidated Financial Statements for the period after the IPO pertain to the operations of the Partnership.

The Predecessor participated in centralized financing and cash management programs not maintained at the Predecessor level for periods prior to the IPO. Accordingly, none of SunCoke's cash or interest income for periods prior to the IPO has been assigned to the Predecessor in the Combined Financial Statements. Advances between the Predecessor and SunCoke that are specifically related to the Predecessor have been reflected in the Combined Financial Statements. Transfers of cash to and from SunCoke's financing and cash management program are reflected as a component of parent net equity on the Combined Balance Sheets.

Effective July 26, 2011, SunCoke allocated \$225.0 million of debt and related debt issuance costs to the Predecessor. In connection with this allocation, interest expense was also allocated to the Predecessor. Prior to July 26, 2011, SunCoke did not have any external debt, and no debt or interest expense was allocated to the Predecessor. See Note 9.

Quarterly Reporting

The accompanying Combined and Consolidated Financial Statements included herein have been prepared in conformity with GAAP for interim reporting. Certain information and disclosures normally included in financial statements have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In management's opinion, all adjustments (which include only normal recurring adjustments) necessary for fair presentation of the results of operations, financial position and cash flows for the periods presented have been made. The results of operations for the period ended September 30, 2013 are not necessarily indicative of the operating results for the full year.

Recently Issued Pronouncements

There are no recently issued accounting standards which are not yet effective that the Partnership believes would materially impact the Combined and Consolidated Financial Statements.

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2. Initial Public Offering and Related Party Transactions

Initial Public Offering

On January 23, 2013, in anticipation of the closing of the IPO, we entered into a contribution agreement with Sun Coal & Coke, a subsidiary of SunCoke, and our general partner (the "Contribution Agreement"). Pursuant to the Contribution Agreement, upon the closing of the IPO on January 24, 2013, Sun Coal & Coke contributed to us an interest in each of Haverhill and Middletown which resulted in our owning a 65 percent interest in each of Haverhill and Middletown. In exchange, our general partner continued to hold a 2.0 percent general partner interest in us and we issued to our general partner incentive distribution rights ("IDRs") in us. We also issued to Sun Coal & Coke 2,209,697 common units and 15,709,697 subordinated units. The 35 percent interest in each of Haverhill and Middletown retained by Sun Coal & Coke is recorded as a noncontrolling interest of the Partnership.

In conjunction with the closing of the IPO, we sold 13,500,000 common units, representing a 42.1 percent partnership interest, to the public at an initial public offering price of \$19.00 per common unit. Gross proceeds from the offering were approximately \$256.5 million and net proceeds were approximately \$231.8 million after deducting underwriting discounts and offering expenses of \$24.7 million, \$6.0 million of which were paid by SunCoke in 2012 and reimbursed by us upon the closing of the IPO. We assumed and repaid \$225.0 million of SunCoke's term loan debt and we retained \$67.0 million for environmental capital expenditures of Haverhill and Middletown, \$12.4 million for sales discounts related to tax credits owed to customers of Haverhill, and \$39.6 million to replenish our working capital. We used a portion of the net proceeds from the IPO and the concurrent issuance and sale of senior notes discussed below to make a distribution of \$33.1 million to SunCoke to, in effect, reimburse SunCoke for expenditures made during the two-year period prior to the IPO for the expansion and improvement of certain assets, an interest in which SunCoke contributed to us in connection with the IPO pursuant to the Contribution Agreement described above.

Concurrent with the closing of the IPO, we and SunCoke Energy Partners Finance Corp., a Delaware corporation and a wholly owned subsidiary of ours, as co-issuers, issued \$150.0 million aggregate principal amount of 7.375 percent senior notes ("Partnership Notes") due 2020 in a private placement to eligible purchasers. The Partnership Notes are the senior unsecured obligations of the co-issuers and are guaranteed on a senior unsecured basis by each of our existing and certain future subsidiaries other than SunCoke Energy Partners Finance Corp. We received net proceeds of approximately \$146.3 million, net of debt issuance costs of \$3.7 million, from the offering of the Partnership Notes. We also incurred \$2.2 million of debt issuance costs related to entering into a revolving credit facility. See Note 9.

Omnibus Agreement

In connection with the closing of the IPO, we entered into an omnibus agreement with SunCoke and our general partner that addresses certain aspects of our relationship with them, including:

Business Opportunities. We have preferential rights to invest in, acquire and construct cokemaking facilities in the United States and Canada. SunCoke has preferential rights to all other business opportunities.

Potential Defaults by Coke Agreement Counterparties. For a period of five years from the closing date of the IPO, SunCoke has agreed to make us whole (including an obligation to pay for coke) to the extent (i) AK Steel exercises the early termination right provided in its Haverhill coke sales agreement, (ii) any customer fails to purchase coke or defaults in payment under its coke sales agreement (other than by reason of force majeure or our default) or (iii) we amend a coke sales agreement's terms to reduce a customer's purchase obligation as a result of the customer's financial distress. We and SunCoke will share in any damages and other amounts recovered from third parties arising from such events in proportion to our relative losses. During the third quarter of 2013, SunCoke, through the general partner, made a capital contribution of \$0.6 million to us as a result of scaled back production.

Environmental Indemnity. SunCoke will indemnify us to the full extent of any remediation at the Haverhill and Middletown cokemaking facilities arising from any environmental matter discovered and identified as requiring remediation prior to the closing of the IPO. SunCoke contributed \$67 million in satisfaction of this obligation, at the closing date of the IPO, from the proceeds of the IPO. If, prior to the fifth anniversary of the closing of the IPO, a pre-existing environmental matter that was discovered either before or after the closing of the IPO is identified as requiring remediation, SunCoke will indemnify us for up to \$50 million of any such remediation costs (we will bear the first \$5 million of any such costs).

Other Indemnification. SunCoke will fully indemnify us with respect to any tax liability arising prior to or in connection with the closing of the IPO. Additionally, SunCoke will either cure or fully indemnify us for losses resulting from any material title defects at the properties owned by the entities acquired in connection with the closing of the IPO, to the extent that those defects interfere with or could reasonably be expected to interfere with the operations of the related cokemaking facilities. We

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will indemnify SunCoke for events relating to our operations except to the extent that we are entitled to indemnification by SunCoke.

License. SunCoke has granted us a royalty-free license to use the name "SunCoke" and related marks. Additionally, SunCoke has granted us a non-exclusive right to use all of SunCoke's current and future cokemaking and related technology. We have not paid and will not pay a separate license fee for the rights we receive under the license.

Expenses and Reimbursement. SunCoke will continue to provide us with certain general and administrative services, and we will reimburse SunCoke for all direct costs and expenses incurred on our behalf and a portion of overhead costs and expenses attributable to our operations. Additionally, we paid all fees in connection with our senior notes offering and our revolving credit facility and have agreed to pay all additional fees in connection with any future financing arrangement entered into for the purpose of replacing the credit facility or the senior notes.

So long as SunCoke controls our general partner, the omnibus agreement will remain in full force and effect unless mutually terminated by the parties. If SunCoke ceases to control our general partner, the omnibus agreement will terminate, but our rights to indemnification and use of SunCoke's existing cokemaking and related technology will survive. The omnibus agreement can be amended by written agreement of all parties to the agreement, but we may not agree to any amendment that would, in the reasonable discretion of our general partner, be adverse in any material respect to the holders of our common units without prior approval of the conflicts committee.

Allocated Expenses

Allocated expenses from SunCoke for general corporate and operations support costs totaled \$4.1 million and \$12.2 million for the three and nine months ended September 30, 2013, respectively, and \$5.3 million and \$15.2 million for the three and nine months ended September 30, 2012, respectively. These costs include legal, accounting, tax, treasury, engineering, information technology, insurance, employee benefit costs, communications, human resources, and procurement. Corporate allocations for periods subsequent to the IPO were recorded based upon the omnibus agreement.

Parent Net Equity

Net transfers to parent are included within parent net equity within the Combined Financial Statements for periods prior to the IPO. The components included intercompany dividends, cash pooling and general financing activities, cash transfers for capital expenditures and corporate allocations, including income taxes.

3. Acquisition

On August 30, 2013, the Partnership completed its acquisition of the assets and business operations of Lakeshore Coal Handling Corporation ("Lakeshore"), now called SunCoke Lake Terminal LLC ("Lake Terminal") for \$28.6 million. Prior to the acquisition, the entity that owns SunCoke's Indiana Harbor cokemaking operations was a customer of Lakeshore and held the purchase rights to Lakeshore. Concurrent with the closing of the transaction, the Partnership paid \$1.8 million to DTE Energy Company, the third party investor owning a 15 percent interest in the entity that owns Indiana Harbor in consideration for assigning its share of the Lake Terminal buyout rights to the Partnership. The Partnership recognized this payment in selling, general, and administrative expenses on the Consolidated Statement of Income during the period.

Located in East Chicago, Indiana, Lake Terminal does not take possession of coal but instead derives its revenue by providing coal handling and blending services to its customers on a per ton basis. Lake Terminal has and will continue to provide coal handling and blending services to SunCoke's Indiana Harbor cokemaking operations. In September 2013, Lake Terminal and Indiana Harbor entered into a new 10 year contract with terms equivalent to those of an arm's-length transaction. The Partnership intends to maintain Lake Terminal's current operations and retain existing staff. The results of Lake Terminal have been included in the Consolidated Financial Statements since the acquisition date. The Partnership recognized plant, property, and equipment at the fair value of \$25.9 million and inventory of \$2.7 million in exchange for the \$28.6 million of consideration paid. No goodwill was recorded as a result of this acquisition.

The acquisition of Lake Terminal increased revenues by \$1.1 million and operating income by \$0.5 million for both the three and nine months ended September 30, 2013, of which services to Indiana Harbor generated revenues of \$1.0 million and operating income of \$0.5 million. The acquisition of Lake Terminal is not material to the Partnership's

Consolidated Financial Statements. Therefore, pro forma information has not been presented.

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4. Net Income Per Unit and Cash Distributions

The following is a summary of net income for the nine months ended September 30, 2013 disaggregated between the Predecessor and the Partnership:

	SunCoke Energy Partners, L.P. Predecessor Through January 23, 2013 (Dollars in millions)	SunCoke Energy Partners, L.P. From January 24, 2013	Nine Months Ended September 30, 2013
Revenues			
Sales and other operating revenue	\$47.6	\$467.0	\$514.6
Costs and operating expenses			
Cost of products sold and operating expenses	36.8	346.5	383.3
Selling, general and administrative expenses	1.1	15.4	16.5
Depreciation expense	1.9	21.6	23.5
Total costs and operating expenses	39.8	383.5	423.3
Operating income	7.8	83.5	91.3
Interest expense, net	0.6	11.7	12.3
Income before income tax expense	7.2	71.8	79.0
Income tax expense	3.7	0.5	4.2
Net income	\$3.5	\$71.3	\$74.8

Net income per unit applicable to limited partners (including subordinated unitholders) is computed by dividing limited partners' interest in net income, after deducting the general partner's 2.0 percent interest and incentive distributions, by the weighted-average number of outstanding common and subordinated units. Our net income is allocated to the general partner and limited partners in accordance with their respective partnership percentages, after giving effect to priority income allocations for incentive distributions, if any, to our general partner, pursuant to our partnership agreement. Net income per unit is only calculated for the Partnership subsequent to the IPO as no units were outstanding prior to January 24, 2013. Earnings in excess of distributions are allocated to the general partner and limited partners based on their respective ownership interests. Payments made to our unitholders are determined in relation to actual distributions declared and are not based on the net income allocations used in the calculation of net income per unit. For the three months ended September 30, 2013, the weighted-average number of common and subordinated units outstanding was 15,711,606 units and 15,709,697 units, respectively.

In addition to the common and subordinated units, we have also identified the general partner interest and IDRs as participating securities and use the two-class method when calculating the net income per unit applicable to limited partners, which is based on the weighted-average number of common units outstanding during the period. Basic and diluted net income per unit applicable to limited partners are the same because we do not have any potentially dilutive units outstanding.

The calculation of net income per unit is as follows:

	Three Months Ended September 30, 2013 (Dollars and units in millions, except per unit amounts)	Nine Months Ended September 30, 2013
Net income attributable to SunCoke Energy Partners, L.P. subsequent to initial public offering	\$13.7	\$41.3
Less: General partner's interest in net income subsequent to initial public offering	0.3	0.9
Limited partners' interest in net income subsequent to initial public offering	\$13.4	\$40.4
Net income per limited partner unit:		
Common - Public and SunCoke	\$0.43	\$1.29

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Subordinated - SunCoke	\$0.43	\$1.29
Limited partner units outstanding:		
Common units - Public	13.5	13.5
Common units - SunCoke	2.2	2.2
Subordinated units - SunCoke	15.7	15.7

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Cash Distributions

Our partnership agreement generally provides that we will make our distribution, if any, each quarter in the following manner:

- first, 98 percent to the holders of common units and 2 percent to our general partner, until each common unit has received the minimum quarterly distribution of \$0.41250 plus any arrearages from prior quarters;
- second, 98 percent to the holders of subordinated units and 2 percent to our general partner, until each subordinated unit has received the minimum quarterly distribution of \$0.41250; and
- third, 98 percent to all unitholders, pro rata, and 2 percent to our general partner, until each unit has received a distribution of \$0.47440.

If cash distributions to our unitholders exceed \$0.47440 per unit in any quarter, our unitholders and our general partner will receive distributions according to the following percentage allocations:

	Total Quarterly Distribution Per Unit Target Amount	Marginal Percentage Interest in Distributions		
		Unitholders	General Partner	
Minimum Quarterly Distribution	\$0.412500	98.0	% 2.0	%
First Target Distribution	above \$0.412500 up to \$0.474375	98.0	% 2.0	%
Second Target Distribution	above \$0.474375 up to \$0.515625	85.0	% 15.0	%
Third Target Distribution	above \$0.515625 up to \$0.618750	75.0	% 25.0	%
Thereafter	above \$0.618750	50.0	% 50.0	%

In accordance with our partnership agreement, on April 23, 2013, we declared a quarterly cash distribution totaling \$9.8 million, or \$0.3071 per unit. In calculating this distribution, the minimum quarterly distribution was adjusted to reflect the period beginning on January 24, 2013, the closing date of the IPO, through March 31, 2013. This distribution was paid on May 31, 2013 to unitholders of record on May 15, 2013. There were no distributions declared or paid prior to this distribution.

On July 23, 2013, the Partnership, in accordance with the partnership agreement, declared a quarterly cash distribution totaling \$13.5 million, or \$0.4225 per unit. The distribution was paid on August 30, 2013 to unitholders of record on August 15, 2013.

On October 22, 2013, the Partnership, in accordance with the partnership agreement, declared a quarterly cash distribution totaling \$13.9 million, or \$0.4325 per unit. The distribution will be paid on November 29, 2013 to unitholders of record on November 15, 2013.

The allocation of total quarterly cash distributions to general and limited partners is as follows. Our distributions are declared subsequent to quarter end; therefore, the table below represents total cash distributions applicable to the period in which the distributions were earned:

	Three Months Ended March 31, 2013	Three Months Ended June 30, 2013	Three Months Ended September 30, 2013
	(Dollars in millions, except per unit amounts)		
General partner's interest	\$0.2	\$0.3	\$0.3
General partner's incentive distribution	—	—	—
Total General Partner's Distribution	\$0.2	\$0.3	\$0.3
Limited partners' distribution:			
Common	\$4.8	\$6.6	\$6.8
Subordinated	4.8	6.6	6.8
Total Cash Distributions	\$9.8	\$13.5	\$13.9
Cash distributions per unit applicable to limited partners	\$0.3071	\$0.4225	\$0.4325

Allocation of Net Income

Our partnership agreement contains provisions for the allocation of net income to the unitholders and the general partner. For purposes of maintaining partner capital accounts, the partnership agreement specifies that items of income and loss shall be allocated among the partners in accordance with their respective percentage interest. Normal allocations according to

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percentage interests are made after giving effect, if any, to priority income allocations in an amount equal to incentive cash distributions allocated 100 percent to the general partner.

The calculation of net income allocated to the limited partners was as follows:

	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
Net Income Attributable to Common Unitholders:	(Dollars in millions)	
Distributions	\$6.8	\$18.2
Undistributed earnings ⁽¹⁾	(0.1) 2.0
Common unitholders' interest in net income subsequent to initial public offering	\$6.7	\$20.2
Net Income Attributable to Subordinated Unitholders:		
Distributions	\$6.8	\$18.2
Undistributed earnings ⁽¹⁾	(0.1) 2.0
Subordinated unitholders' interest in net income subsequent to initial public offering	\$6.7	\$20.2
Distributions declared per unit	\$0.4325	\$1.1621

(1) Distributions exceed unitholders' interest in net income during the three months ended September 30, 2013 as distributable cash flow excludes the \$1.8 million payment to DTE Energy Company, the third party investor owning a 15 percent interest in the entity that owns Indiana Harbor. Distributable cash flow also included the \$0.6 million capital contribution received under the omnibus agreement.

5. Income Taxes

The Partnership is a limited partnership and generally is not subject to federal or state income taxes. Earnings from our Middletown operations, however, are subject to a local income tax.

The Predecessor's tax provision has been determined on a theoretical separate-return basis. Prior to June 2012, the Predecessor received federal income tax credits for coke production from the Haverhill facility that provides coke to ArcelorMittal ("Haverhill 1") and the Haverhill facility that provides coke to AK Steel ("Haverhill 2"). These tax credits, which have been computed on an annualized basis for determining our effective tax rate, were earned for each ton of coke produced and sold during the four years after the initial coke production at each facility. The eligibility to generate tax credits for coke production generally expired in March 2009 and June 2012, respectively, for the Haverhill 1 and Haverhill 2 facilities.

6. Inventories

The Partnership's inventory consists of metallurgical coal, which is the principal raw material for the Partnership's cokemaking operations; coke, which is the finished good sold by the Partnership to its customers; and materials, supplies and other.

These components of inventories were as follows:

	September 30, 2013	December 31, 2012 Predecessor
	(Dollars in millions)	
Coal	\$36.0	\$41.6
Coke	2.4	5.9
Material, supplies, and other	19.5	15.7
Total	\$57.9	\$63.2

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7. Accrued Liabilities

Accrued liabilities consisted of the following:

	September 30, 2013	December 31, 2012 Predecessor
	(Dollars in millions)	
Accrued sales discounts ⁽¹⁾	\$—	\$12.4
Accrued benefits	2.0	1.9
Other	1.5	2.7
Total	\$3.5	\$17.0

At December 31, 2012, we had \$12.4 million in accrued sales discounts to be paid to our customer at our Haverhill (1) facility. During the first quarter of 2013, we settled this obligation for \$11.8 million which resulted in a gain of \$0.6 million. This gain is recorded in sales and other operating revenue on our Consolidated Statement of Income.

8. Commitments and Contingent Liabilities

The Environmental Protection Agency ("EPA") has issued Notices of Violations ("NOVs") for the Partnership's Haverhill cokemaking facility which stem from alleged violations of the air emission operating permits for this facility. The Partnership is working in a cooperative manner with the EPA and the Ohio Environmental Protection Agency ("OEPA") to address the allegations, and a Consent Decree among the parties was lodged in federal court in June 2013. The settlement includes a civil penalty for alleged past violations that will be paid by SunCoke. Further, the Partnership will undertake capital projects to improve reliability of the energy recovery systems and enhance environmental performance at the Haverhill facility. As a result of recent discussions with the EPA, our Predecessor spent \$5 million related to these projects in 2012 and the Partnership expects to spend approximately \$21 million in 2013 and an additional \$39 million in the 2014 to 2016 timeframe. We retained \$67.0 million of the IPO proceeds to fund these projects. See Note 2.

The Southwest Ohio Air Quality Agency (SWOQA) also issued an NOV to the Middletown facility in November 2012. Our Predecessor responded to the NOV by providing a carbon injection plan requested by SWOQA, and the Partnership has updated that plan. At present, the Partnership cannot assess whether there will be a monetary penalty or any future citations, but any potential penalty will be paid by SunCoke, and we do not expect such a penalty or citations to be material to the financial position, results of operations or cash flows of the Partnership at September 30, 2013.

The Partnership is a party to certain other pending and threatened claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of these claims could be resolved unfavorably to the Partnership. Management of the Partnership believes that any liability which may arise from claims would not be material in relation to the financial position, results of operations or cash flows of the Partnership at September 30, 2013.

9. Debt

With the closing of the IPO, the Partnership issued \$150.0 million of Partnership Notes. The Partnership Notes have an interest rate of 7.375 percent and mature on February 1, 2020. The Partnership may redeem some or all of the Partnership Notes prior to February 1, 2016 by paying a make-whole premium. The Partnership may also redeem some or all of the Partnership Notes on or after February 1, 2016 at specified redemption prices. In addition, prior to February 1, 2016, the Partnership may redeem up to 35 percent of the Partnership Notes using the proceeds of certain equity offerings. If the Partnership sells certain of its assets or experiences specific kinds of changes in control, subject to certain exceptions, the Partnership must offer to purchase the Partnership Notes. In conjunction with the closing of the Partnership offering, we also entered into a \$100.0 million revolving credit facility with a term extending through January 2018. In conjunction with these transactions, the Partnership incurred debt issuance costs of \$5.9 million, \$0.8 million of which was immediately expensed and was recorded in interest expense, net on the Consolidated Statement of Income as it related to the portion of the issuance that was considered a modification of the existing term loan discussed below. This credit facility was amended on August 28, 2013, increasing the total aggregate commitments from lenders to \$150.0 million and now also providing for up to \$100.0 million uncommitted incremental revolving

capacity, subject to the satisfaction of certain conditions. We paid \$0.9 million in fees related to the credit facility amendment. The fees have been included in deferred charges and other assets in the Consolidated Balance Sheet, which will be amortized over the life of the facility. As of September 30, 2013, this credit facility had letters of credit outstanding of \$0.7 million, leaving \$149.3 million available.

On July 26, 2011, SunCoke entered into a credit agreement (the "Credit Agreement") which provides for a seven-year term loan (the "Term Loan"). Borrowings under the Term Loan bear interest, at SunCoke's option, at either (i) base rate plus an applicable margin or (ii) the greater of 1.00 percent or LIBOR plus an applicable margin. The applicable margin on the Term

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Loan is (i) in the case of base rate loans, 2.00 percent per annum and (ii) in the case of LIBOR loans, 3.00 percent per annum. The weighted-average interest rate for borrowings outstanding under the Term Loan during 2012 was 4.07 percent.

Though SunCoke is the legal entity obligated to repay the Term Loan, effective July 26, 2011, SunCoke allocated \$225.0 million of the Term Loan and related debt issuance costs of \$5.7 million to our Predecessor. Interest expense and amortization of debt issuance costs has been allocated to our Predecessor beginning on July 26, 2011 and totaled \$0.6 million for the nine months ended September 30, 2013 and \$2.5 million and \$7.8 million for the three and nine months ended September 30, 2012, respectively. The amount of consolidated debt attributed to the Combined and Consolidated Financial Statements may not be indicative of the actual amounts that we would have incurred had we been operating as an independent, publicly-traded partnership for periods prior to the IPO. Prior to entering into the Credit Agreement, SunCoke did not have any external debt, and no debt or interest expense was allocated to our Predecessor. On January 24, 2013, in conjunction with the IPO, we assumed and repaid the \$225.0 million of the Term Loan that was allocated to us. In conjunction with the repayment, we incurred a charge of approximately \$2.9 million representing the write-off of unamortized debt issuance costs and original issue discount related to the portion of the Term Loan extinguished, which is recorded in interest expense, net on the Consolidated Statement of Income. Haverhill and Middletown, along with other certain SunCoke subsidiaries, guaranteed certain obligations, including \$400.0 million of senior notes (the "Senior Notes") issued on July 26, 2011 by SunCoke, and were subject to certain covenants and restrictions under the Term Loan and Senior Notes entered into by SunCoke. In connection with the IPO, SunCoke entered into an amendment to their Credit Agreement and simultaneously designated Haverhill and Middletown as unrestricted subsidiaries, removing the guarantees described above.

10. Fair Value Measurements

The Partnership measures certain financial and non-financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1—inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.

Level 2—inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.

Level 3—inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Non-Financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (e.g., when there is evidence of impairment). At September 30, 2013, no material fair value adjustments or fair value measurements were required for these non-financial assets or liabilities.

Certain Financial Assets and Liabilities not Measured at Fair Value

At September 30, 2013, the estimated fair value of the Partnership's long-term debt was \$155.6 million compared to a carrying amount of \$149.7 million. The fair value was estimated by management based upon estimates of debt pricing provided by financial institutions which are considered Level 3 inputs. See Note 9 for additional information on our debt arrangements.

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11. Supplemental Cash Flow Information

Significant non-cash activities were as follows:

	Nine Months Ended September 30, 2013		2012 Predecessor
	(Dollars in millions)		
Net assets of the Predecessor not assumed by SunCoke Energy Partners, L.P.:			
Accounts receivable	\$39.6		\$—
Deferred taxes	18.3		—

12. Business Segment Disclosures

The Partnership derives its revenues from the Domestic Coke and Coke Logistics reportable segments. Domestic Coke operations are comprised of cokemaking facilities, Haverhill and Middletown, located in Ohio. Both facilities use similar production processes to produce coke and to recover waste heat that is converted to steam or electricity. The coke production for these facilities is sold directly to integrated steel producers under contracts which provide for the pass-through of coal costs subject to contractual coal-to-coke yields plus an operating cost component and fixed fee component received for each ton of coke sold.

Prior to the third quarter of 2013, Domestic Coke was the Partnership's only reportable segment. On August 30, 2013, the Partnership completed the acquisition of Lake Terminal. Located in East Chicago, Indiana, Lake Terminal has and will continue to provide coal handling and blending services to SunCoke's Indiana Harbor cokemaking facility under contract. The results of Lake Terminal are presented in the new Coal Logistics segment below.

Overhead expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other in 2013. The Partnership did not exist in 2012 and therefore the Predecessor had no comparable Corporate and Other expenses. Interest expense, net is also excluded from segment results. Segment assets are those assets that are utilized within a specific segment.

The following table includes Adjusted EBITDA, which is the measure of segment profit or loss reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance:

	Three Months Ended September 30, 2013 (Dollars in millions)			
	Domestic Coke	Coal Logistics	Corporate and Other	Consolidated
Sales and other operating revenue	\$160.9	\$1.1	\$—	\$162.0
Adjusted EBITDA	\$38.7	\$0.7	\$(3.7)	\$35.7
Depreciation, depletion and amortization	\$8.1	\$0.2	\$—	\$8.3
Capital expenditures	\$9.9	\$—	\$—	\$9.9
Total segment assets	\$903.8	\$30.0	\$29.0	\$962.8

	Nine Months Ended September 30, 2013 (Dollars in millions)			
	Domestic Coke	Coal Logistics	Corporate and Other	Consolidated
Sales and other operating revenue	\$513.5	\$1.1	\$—	\$514.6
Adjusted EBITDA	\$119.1	\$0.7	\$(5.6)	\$114.2
Depreciation, depletion and amortization	\$23.3	\$0.2	\$—	\$23.5
Capital expenditures	\$20.4	\$—	\$—	\$20.4
Total segment assets	\$903.8	\$30.0	\$29.0	\$962.8

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The Partnership evaluates the performance of its segments based on segment Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation, depletion and amortization (“EBITDA”) adjusted for sales discounts. EBITDA reflects sales discounts included as a reduction in sales and other operating revenue. The sales discounts represent the sharing with customers of a portion of nonconventional fuels tax credits, which reduce our income tax expense. However, we believe our Adjusted EBITDA would be inappropriately penalized if these discounts were treated as a reduction of EBITDA since they represent sharing of a tax benefit that is not included in EBITDA. Accordingly, in computing Adjusted EBITDA, we have added back these sales discounts. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or operating income under GAAP and may not be comparable to other similarly titled measures in other businesses. Management believes Adjusted EBITDA is an important measure of the operating performance of the Partnership’s net assets. We believe Adjusted EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance. Adjusted EBITDA is a measure of operating performance that is not defined by GAAP, does not represent and should not be considered a substitute for net income as determined in accordance with GAAP. Calculations of Adjusted EBITDA may not be comparable to those reported by other companies.

Set forth below is additional detail as to how we use Adjusted EBITDA as a measure of operating performance, as well as a discussion of the limitations of Adjusted EBITDA as an analytical tool.

Operating Performance. Our management uses Adjusted EBITDA in a number of ways to assess our consolidated financial and operating performance, and we believe this measure is helpful to management in identifying trends in our performance. Adjusted EBITDA helps management identify controllable expenses and make decisions designed to help us meet our current financial goals and optimize our financial performance while neutralizing the impact of capital structure on financial results. Accordingly, we believe this metric measures our financial performance based on operational factors that management can impact in the short-term, namely our cost structure and expenses.

Limitations. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. Adjusted EBITDA also has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Some of these limitations include that Adjusted EBITDA:

- does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirement for, working capital needs;
- does not reflect our interest expense, or the cash requirements necessary to service interest on or principal payments of our debt;
- does not reflect certain other non-cash income and expenses;
- excludes income taxes that may represent a reduction in available cash; and
- includes net income attributable to noncontrolling interests.

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Below is a reconciliation of Adjusted EBITDA (unaudited) to net income, which is its most directly comparable financial measure calculated and presented in accordance with GAAP:

	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012 Predecessor	September 30, 2013	2012 Predecessor
	(Dollars in millions)			
Adjusted EBITDA attributable to Predecessor/SunCoke Energy Partners, L.P.	\$22.1	\$ 34.7	\$75.9	\$ 93.8
Add: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	13.6	—	38.3	—
Adjusted EBITDA	\$35.7	\$ 34.7	\$114.2	\$ 93.8
Subtract:				
Depreciation expense	8.3	7.7	23.5	24.4
Interest expense, net	2.8	2.5	12.3	7.8
Income tax expense	0.1	7.1	4.2	17.4
Sales discounts provided to customers due to sharing of nonconventional fuel tax credits ⁽²⁾	—	—	(0.6) 2.7
Net income	\$24.5	\$ 17.4	\$74.8	\$ 41.5

(1) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest share of interest, taxes and depreciation.

(2) At December 31, 2012, we had \$12.4 million in accrued sales discounts to be paid to our customer at our Haverhill facility. During the first quarter of 2013, we settled this obligation for \$11.8 million which resulted in a gain of \$0.6 million. This gain is recorded in sales and other operating revenue on our Combined and Consolidated Statement of Income.

The following table sets forth the Partnership's total sales and other operating revenue by product or service:

	Three Months Ended		Nine Months Ended	
	September 30, 2013	2012 Predecessor	September 30, 2013	2012 Predecessor
	(Dollars in millions)		(Dollars in millions)	
Cokemaking sales	\$149.6	\$184.7	\$480.2	\$522.6
Energy sales	11.3	10.5	33.3	31.4
Coal Logistics	1.1	—	1.1	—
Total	\$162.0	\$195.2	514.6	\$554.0

13. Subsequent Event

On October 1, 2013, the Partnership completed its acquisition of 100 percent of the ownership interest in Kanawha River Terminals LLC ("KRT") for \$86.0 million utilizing \$46.0 million of available cash and \$40.0 million of borrowings under the existing revolving credit facility. KRT is a leading metallurgical and thermal coal blending and handling terminal service provider with the collective capacity to blend and transload more than 30 million tons of coal annually. Beginning in the fourth quarter, the results of the Partnership's acquisition of KRT will be included in the Coal Logistics segment. The acquisition of KRT is not anticipated to be material to the Partnership's Consolidated Financial Statements.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains certain forward-looking statements of expected future developments, as defined in the Private Securities Litigation Reform Act of 1995. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under "Cautionary Statement Concerning Forward-Looking Statements."

The following discussion assumes that our business was operated as a separate entity prior to the IPO. The entities that own our cokemaking facilities have been acquired as a reorganization of entities under common control and have therefore been recorded at historical cost. Unless the context otherwise requires, references in this report to "the Partnership," "we," "us," or like terms, when used in a historical context (periods prior to January 24, 2013), refer to the cokemaking operations of our Predecessor. References when used in the present tense or prospectively (after January 24, 2013) refer to SunCoke Energy Partners, L.P. and its subsidiaries.

Overview

We are a Delaware limited partnership that acquired, on January 24, 2013, at the closing of our initial public offering ("IPO"), a 65 percent interest in each of two entities that own SunCoke Energy, Inc.'s ("SunCoke") Haverhill and Middletown cokemaking facilities and related assets. The Haverhill and Middletown facilities have a combined 300 cokemaking ovens with an aggregate stated capacity of approximately 1.7 million tons per year and an average age of four years. We currently operate at full capacity and sell coke to two primary customers: AK Steel and ArcelorMittal.

SunCoke is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has more than 50 years of coke production experience. Coke is a principal raw material in the blast furnace steelmaking process. Coke is generally produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal's volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. This differs from by-product cokemaking which seeks to repurpose the coal's liberated volatile components for other uses.

Our core business model is predicated on providing steelmakers an alternative to investing capital in their own captive coke production facilities. We direct our marketing efforts toward steelmaking customers who require coke for their blast furnace operations.

The following table sets forth information about our cokemaking facilities and our coke and energy sales agreements:

Facility	Location	Coke Customer	Year of Start Up	Contract Expiration	Number of Coke Ovens	Cokemaking Capacity (thousands of tons)	Use of Waste Heat
Haverhill 1	Franklin Furnace, Ohio	ArcelorMittal	2005	2020	100	550	Process steam
Haverhill 2	Franklin Furnace, Ohio	AK Steel	2008	2022	100	550	Power generation
Middletown ⁽¹⁾	Middletown, Ohio	AK Steel	2011	2032	100	550	Power generation
Total					300	1,650	

Cokemaking capacity represents stated capacity for the production of blast furnace coke. The Middletown coke (1) sales agreement provides for coke sales on a "run of oven" basis, which includes both blast furnace coke and small coke. Middletown capacity on a "run of oven" basis is 578 thousand tons per year.

All of our coke sales are made pursuant to long-term take-or-pay agreements. These coke sales agreements have an average remaining term of approximately 12 years and contain pass-through provisions for costs we incur in the cokemaking process, including coal procurement costs, subject to meeting contractual coal-to-coke yields, operating and maintenance expenses, costs related to the transportation of coke to our customers, taxes (other than income taxes)

and costs associated with changes in regulation. The coke sales agreement and energy sales agreement with AK Steel at our Haverhill facility are subject to early termination by AK Steel beginning in January 2014 under limited circumstances and provided that AK Steel has given at least two years prior notice of its intention to terminate the agreements and certain other conditions are met. In addition, AK

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Steel is required to pay a significant termination payment to us if it exercises its termination right prior to 2018. No other coke sales contract has an early termination clause. For a five year period following the IPO, SunCoke has agreed to make us whole or purchase all of our coke production not taken by our customers in the event of a customer's default or exercise of certain termination rights, under the same terms as those provided for in the coke sales agreements with our customers.

Recent Developments

•Coal handling transactions. On August 30, 2013, the Partnership completed its acquisition of the assets and business operations of Lakeshore Coal Handling Corporation ("Lakeshore"), now called SunCoke Lake Terminal LLC ("Lake Terminal") for \$28.6 million. Prior to the acquisition, the entity that owns SunCoke's Indiana Harbor cokemaking operations was a customer of Lakeshore and held the purchase rights to Lakeshore. Concurrent with the closing of the transaction, the Partnership paid \$1.8 million to DTE Energy Company, the third party investor owning a 15 percent interest in the entity that owns Indiana Harbor in consideration for assigning its share of the Lake Terminal buyout rights to the Partnership. The Partnership recognized this payment in selling, general, and administrative expenses on the Consolidated Statement of Income during the period. We expect Adjusted EBITDA of approximately \$1.3 million from Lake Terminal during the balance of 2013.

Located in East Chicago, Indiana, Lake Terminal does not take possession of coal but instead derives its revenue by providing coal handling and blending services to its customers on a per ton basis. Lake Terminal has and will continue to provide coal handling and blending services to SunCoke's Indiana Harbor cokemaking operations. In September 2013, Lake Terminal and Indiana Harbor entered into a new 10 year contract with terms equivalent to those of an arm's-length transaction. The Partnership intends to maintain Lake Terminal's current operations and retain existing staff. The results of Lake Terminal have been included in the Consolidated Financial Statements since the acquisition date and are included in the new Coal Logistics segment.

On October 1, 2013, the Partnership completed its acquisition of 100 percent of the ownership interest in Kanawha River Terminals LLC ("KRT") for \$86.0 million utilizing \$46.0 million of available cash and \$40.0 million of borrowings under its existing revolving credit facility. KRT is a leading metallurgical and thermal coal blending and handling terminal service provider with the collective capacity to blend and transload more than 30 million tons of coal annually. We expect Adjusted EBITDA of approximately \$2.9 million from KRT during the balance of 2013. Beginning in the fourth quarter, the results of the Partnership's acquisition of KRT will be included in the new Coal Logistics segment.

•AK Steel Middletown outage. We cooperated with AK Steel on its projected second half of 2013 coke needs after a blast furnace outage at their Middletown plant in the second quarter of 2013. Specifically, due to this outage, we agreed to manage production at our Haverhill cokemaking facility to be consistent with annual contract maximums and to temporarily scale back coke production at our Middletown facility to name plate capacity levels in the second half of 2013. In addition, we plan to provide AK Steel extended payment terms on December 2013 coke production of 50 thousand tons. Based on actual production levels, SunCoke, our general partner, pursuant to our omnibus agreement, will remit to us on a quarterly basis the amounts due under normal contract terms and hold the extended-term receivables with AK Steel. Based on these anticipated arrangements, we do not expect a material impact to our current 2013 outlook. Should we experience any adverse effects from this outage, our omnibus agreement with our general partner requires that SunCoke make us whole. During the third quarter of 2013, SunCoke, through the general partner, made a capital contribution of \$0.6 million to us as a result of scaled back production.

Items Impacting Comparability

•Middletown Project Execution. We commenced operations at our Middletown, Ohio cokemaking facility in October 2011 and reached full production during the first quarter of 2012. In the nine months ended September 30, 2013, the Middletown cokemaking facility produced 463 thousand tons of coke and contributed \$198.9 million and \$58.3 million to revenues and Adjusted EBITDA, respectively. This compares to production of 449 thousand tons of coke and contributions of \$217.2 million and \$42.3 million to revenues and Adjusted EBITDA, respectively, in the nine months ended September 30, 2012. Middletown revenue and Adjusted EBITDA for the nine months ended September 30, 2013 benefited from increased operating cost recovery of \$4.9 million due to a change in the recovery mechanism

from a fixed operating fee per ton in 2012 to a budgeted amount per ton based on the expected full recovery of operational and maintenance costs. Middletown Adjusted EBITDA for the nine months ended September 30, 2012 included higher costs and lower than expected coal-to-coke yield performance of \$7.0 million, of which \$4.0 million related to start-up costs.

Corporate Support Services. We incurred allocated expenses of \$4.1 million and \$5.3 million in the three months ended September 30, 2013 and 2012, respectively and \$12.2 million and \$15.2 million in the nine months ended September 30, 2013 and 2012, respectively. These allocated costs are related to general and administrative costs for services provided to us by SunCoke and include legal, accounting, tax, treasury, engineering, information technology,

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insurance, employee benefit costs, communications, human resources, and procurement. Corporate allocations for periods subsequent to the IPO were recorded based upon the omnibus agreement.

Interest Expense, net. The Predecessor periods include \$225.0 million of term loan debt ("Term Loan") and debt related issuance costs that were allocated to us by SunCoke. Concurrent with the IPO, we issued \$150.0 million in senior notes ("Partnership Notes") with an interest rate of 7.375 percent and repaid the Term Loan allocated from SunCoke. The weighted average interest rate for borrowings outstanding under the Term Loan during 2013 and 2012 was 4.07 percent.

We incurred a \$2.9 million charge in the first quarter of 2013 for the write-off of unamortized debt issuance costs and original issue discount related to the portion of the Term Loan extinguished in conjunction with the IPO. Additionally, \$0.8 million of debt issuance costs were expensed immediately relating to the portion of the Partnership Notes that was considered a modification of the existing Term Loan.

Interest expense, net was \$12.3 million and \$7.8 million for nine months ended September 30, 2013 and 2012, respectively. The nine months ended September 30, 2013 was impacted by the \$3.7 million in expenses discussed above. The remaining increase of \$0.8 million was primarily due to higher interest rates partially offset by lower debt balances after the closing of the IPO and related transactions.

Income Taxes. The historical Combined Financial Statements of our predecessor include U.S. federal income tax expense calculated on a theoretical separate-return basis. Following the IPO, we do not pay federal or state income taxes on the operating income generated by our cokemaking subsidiaries. During the first quarter of 2013, we recorded \$0.6 million related to prior period adjustments associated with local income taxes due for our Middletown operations. We also recorded \$0.3 million of additional expense as a result of adjusting our valuation allowance associated with state and local income tax credits. All amounts are reflected in the Predecessor period.

Noncontrolling Interest. At the closing of the IPO, we acquired a 65 percent interest in each of two entities that own the Haverhill and Middletown facilities with SunCoke continuing to hold the remaining 35 percent interest. As a result, our distributable cash flow will not include distributions on SunCoke's interest in these entities and SunCoke's retained interest is recorded as noncontrolling interest in our Consolidated Financial Statements. For the three and nine months ended September 30, 2013, net income attributable to noncontrolling interest was \$10.8 million and \$30.0 million, respectively. The Predecessor's Combined Financial Statements include the results of 100 percent of Haverhill and Middletown.

Through its ownership of our general partner, SunCoke controls the operations of the two entities that own the Haverhill and Middletown facilities. The cash distribution policies of each of these two entities are to distribute all of their cash available for distribution each quarter on a pro rata basis, 35 percent to SunCoke and 65 percent to us. In determining the amounts available for distribution to our unitholders, the Board of Directors of our general partner will have the authority to consider the amount of cash reserves to be set aside, including reserves for future ongoing, environmental and replacement capital expenditures, working capital and other matters.

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Results of Operations

We derive revenues from cokemaking facilities located in Ohio, as well as coal handling and blending services in Indiana. The following table sets forth amounts from the Combined and Consolidated Statements of Operations and other operating data for the three and nine months ended September 30, 2013 and 2012.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(Unaudited)	Predecessor	(Unaudited)	Predecessor
	(Dollars in millions)			
Revenues				
Sales and other operating revenue	\$162.0	\$195.2	\$514.6	\$554.0
Costs and operating expenses				
Cost of products sold and operating expenses	118.9	155.3	383.3	446.4
Selling, general and administrative expenses	7.4	5.2	16.5	16.5
Depreciation expense	8.3	7.7	23.5	24.4
Total costs and operating expenses	134.6	168.2	423.3	487.3
Operating income	27.4	27.0	91.3	66.7
Interest expense, net	2.8	2.5	12.3	7.8
Income before income tax expense	24.6	24.5	79.0	58.9
Income tax expense	0.1	7.1	4.2	17.4
Net income	\$24.5	\$17.4	\$74.8	\$41.5
Less: Net income attributable to noncontrolling interests	10.8		30.0	
Net income attributable to SunCoke Energy Partners, L.P./Predecessor	\$13.7		\$44.8	
Less: Predecessor net income prior to initial public offering on January 24, 2013	—		3.5	
Net income attributable to Suncoke Energy Partners, L.P. subsequent to initial public offering	\$13.7		\$41.3	
Coke operating data				
Capacity utilization (%)	108	109	109	107
Coke production volumes (thousands of tons)	447	452	1,344	1,324
Coke sales volumes (thousands of tons)	447	464	1,353	1,318
Coke Adjusted EBITDA ⁽¹⁾	\$38.7	\$34.7	\$119.1	\$93.8
Coke Adjusted EBITDA per ton ⁽²⁾	\$86.58	\$74.78	\$88.03	\$71.17

(1) See definition of Adjusted EBITDA and reconciliation to GAAP at the end of this Item.

(2) Reflects Adjusted EBITDA divided by sales volumes.

Revenues. Our total revenues, net of sales discounts, were \$162.0 million and \$195.2 million for the three months ended September 30, 2013 and 2012, respectively and \$514.6 million and \$554.0 million for the nine months ended September 30, 2013 and 2012, respectively. The decreases were primarily due to the pass-through of lower coal prices in our Domestic Coke segment. Additionally, our new Coal Logistics segment contributed \$1.1 million of revenue due to the Lake Terminal acquisition.

Costs and Operating Expenses. Total operating expenses were \$134.6 million and \$168.2 million for the three months ended September 30, 2013 and 2012, respectively and were \$423.3 million and \$487.3 million for the nine months ended September 30, 2013 and 2012, respectively. The decreases in cost of products sold and operating expenses were

driven primarily by reduced coal costs in our Domestic Coke segment. These decreases were partially offset by acquisition related and public company costs. Additionally, our Coal Logistics segment incurred costs of \$0.5 million.

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Interest Expense, net. Interest expense, net was \$2.8 million and \$2.5 million for the three months ended September 30, 2013 and 2012, respectively and \$12.3 million and \$7.8 million for the nine months ended September 30, 2013 and 2012, respectively. Comparability between periods is impacted by the financing arrangements discussed previously.

Income Taxes. Income tax expense decreased \$7.0 million to \$0.1 million for the three months ended September 30, 2013 compared to \$7.1 million for the corresponding period. Income tax expense decreased \$13.2 million to \$4.2 million for the nine months ended September 30, 2013 compared to \$17.4 million for the corresponding period of 2012. The periods presented were not comparable as, following the IPO, the Partnership was not subject to federal or state income taxes. Earnings from our Middletown operations, however, are subject to a local income tax which is reflected in the current period, including additional expense of \$0.6 million related to prior period adjustments associated with local income taxes due for our Middletown operations and a \$0.3 million adjustment to our valuation allowance associated with a local income tax net operating loss carryforward. We do not expect the local income tax to affect our cash distribution as we do not expect to pay cash taxes until 2017.

Results of Reportable Business Segments

We report our business results through two segments:

Domestic Coke consists of our Haverhill and Middletown cokemaking and heat recovery operations located in Franklin Furnace, Ohio and Middletown, Ohio, respectively.

Coal Logistics consists of our coal handling and blending services in East Chicago, Indiana and beginning in the fourth quarter 2013, will include KRT, which closed on October 1, 2013.

Management believes Adjusted EBITDA is an important measure of operating performance and is used as the primary basis for the Chief Operating Decision Maker ("CODM") to evaluate the performance of each of our reportable segments. Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with U.S. GAAP. See "Non-GAAP Financial Measures" near the end of this Item.

Analysis of Segment Results

Three Months Ended September 30, 2013 compared to Three Months Ended September 30, 2012

Domestic Coke

Sales and Other Operating Revenue

Sales and other operating revenue decreased \$34.3 million, or 17.6 percent, to \$160.9 million for the three months ended September 30, 2013 compared to \$195.2 million for the corresponding period of 2012. The decrease was due primarily to the pass-through of lower coal costs, which lowered revenues by \$28.6 million. Slightly lower volumes also contributed \$6.4 million to the decrease in Domestic Coke revenues. These decreases were partially offset by \$0.7 million of increases to revenues primarily related to higher energy revenues.

Adjusted EBITDA

Domestic Coke Adjusted EBITDA increased \$4.0 million, or 11.5 percent, to \$38.7 million for the three months ended September 30, 2013 compared to \$34.7 million in the same period of 2012.

Adjusted EBITDA increased \$3.0 million due primarily to higher operating cost recovery at Middletown related to the change from a fixed operating fee per ton to a budgeted amount per ton based on the expected full recovery of operational and maintenance costs. This increase was partially offset by lower volumes of 17 thousand tons from the same prior year period which decreased Adjusted EBITDA by \$1.0 million. The remaining increase of \$2.0 million relates primarily to lower corporate allocations of \$1.2 million and higher energy revenues of \$0.8 million in the current period.

Depreciation expense, which was not included in segment profitability, increased \$0.4 million, from \$7.7 million in 2012 to \$8.1 million in 2013, primarily due new additions.

Coal Logistics

Lake Terminal was acquired on August 30, 2013. Sales and other operating revenue on 136 thousand tons handled were \$1.1 million and Adjusted EBITDA was \$0.7 million during the three months ended September 30, 2013.

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Corporate and Other

Corporate expenses were \$3.7 million for the three months ended September 30, 2013 and included costs to operate as a public company as well as acquisition related costs. The prior year results were not comparable as the Partnership did not exist.

Nine Months Ended September 30, 2013 compared to Nine Months Ended September 30, 2012

Domestic Coke

Sales and Other Operating Revenue

Sales and other operating revenue decreased \$40.5 million, or 7.3 percent, to \$513.5 million for the nine months ended September 30, 2013 compared to \$554.0 million for the corresponding period of 2012. The decrease was due primarily to the pass-through of lower coal costs at our Domestic Coke segment, which decreased revenues by approximately \$60.6 million. Lower transportation reimbursements further decreased revenues by \$2.2 million. These decrease were partially offset by slightly higher volumes, which contributed \$14.0 million in additional revenues over the prior year period. Increased operating expense recovery of \$4.5 million, primarily attributable to the change from a fixed operating fee per ton to a budgeted amount per ton based on the full recovery of expected operating maintenance costs at our Middletown facility, further increased revenues. Sales discounts were also lower by approximately \$3.0 million as compared to the prior year period due primarily to the expiration of federal income tax credits at our Haverhill facility in June 2012. The remaining increase of \$0.8 million was due primarily to higher energy revenues as compared to the prior year period.

Adjusted EBITDA

Domestic Coke Adjusted EBITDA increased \$25.3 million, or 27.0 percent, to \$119.1 million for the nine months ended September 30, 2013 compared to \$93.8 million in the same period of 2012. Improved coal-to-coke yields increased Adjusted EBITDA by \$9.8 million over the prior year period while higher volumes of 35 thousand tons increased Adjusted EBITDA by \$2.9 million. Adjusted EBITDA was further increased \$8.0 million due primarily to higher operating cost recovery at Middletown related to the change from a fixed operating fee per ton to a budgeted amount per ton based on the expected full recovery of operational and maintenance costs. Increased energy revenues also contributed \$1.9 million in Adjusted EBITDA. The remaining increase of \$2.7 million was due primarily to lower corporate allocations in the current period as compared to the prior year period.

Depreciation expense, which was not included in segment profitability, decreased \$1.1 million, from \$24.4 million in 2012 to \$23.3 million in 2013, primarily due to accelerated depreciation at our Haverhill facility in the prior year period of \$1.0 million, or \$0.03 per unit.

Coal Logistics

Lake Terminal was acquired on August 30, 2013. Sales and other operating revenue on 136 thousand tons handled were \$1.1 million and Adjusted EBITDA was \$0.7 million during the nine months ended September 30, 2013.

Corporate and Other

Corporate expenses were \$5.6 million for the nine months ended September 30, 2013 and included costs to operate as a public company as well as acquisition related costs. The prior year results were not comparable as the Partnership did not exist.

Liquidity and Capital Resources

Prior to the IPO, our operations were funded with cash from our operations and funding from SunCoke. Our cash receipts were deposited in SunCoke's bank accounts and cash disbursements were made from those accounts. Consequently, our historical financial statements for periods prior to the IPO have reflected no cash balances. Cash transactions processed on our behalf by SunCoke were reflected in parent net equity as intercompany advances between us and SunCoke. We completed the IPO on January 24, 2013 and now maintain our own bank accounts. Our sources of liquidity include the retention of approximately \$118.0 million of the proceeds from the IPO, our concurrent offering of senior notes, cash generated from operations, borrowings under our new revolving credit facility and, from time to time, debt and equity offerings. We operate in a capital-intensive industry, and our primary liquidity needs are to finance the replacement of partially or fully depreciated assets and other capital expenditures, service our debt, fund investments, fund working capital, maintain cash reserves and pay distributions. We believe our current resources, including the potential borrowings under our new revolving credit facility discussed below, are

sufficient to meet our working capital requirements for our current business for the foreseeable future. Because it is our intent to distribute at least the minimum

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quarterly distribution on all of our units on a quarterly basis, we expect that we will rely upon external financing sources, including bank borrowings and the issuance of debt and equity securities, to fund acquisitions and other expansion capital expenditures.

Concurrent with the closing of the IPO, we issued approximately \$150.0 million aggregate principal amount of senior notes ("Partnership Notes"). During the nine months ended September 30, 2013, proceeds from the issuance of the Partnership Notes were \$146.3 million, net of \$3.7 million of issuance costs. We also entered into a new \$100.0 million revolving credit facility, which was undrawn at the closing of the IPO. We incurred issuance costs of \$2.2 million in conjunction with entering into our new revolving credit facility. This credit facility was amended on August 28, 2013, increasing the total aggregate commitments from lenders to \$150.0 million and now also providing for up to \$100.0 million uncommitted incremental revolving capacity, subject to the satisfaction of certain conditions. We paid \$0.9 million in fees related to the credit facility amendment. The fees have been included in deferred charges and other assets in the Consolidated Balance Sheet, which will be amortized over the life of the facility. As of September 30, 2013, this credit facility had letters of credit outstanding of \$0.7 million, leaving \$149.3 million available.

In accordance with our partnership agreement, on April 23, 2013, we declared a quarterly cash distribution totaling \$9.8 million, or \$0.3071 per unit. In calculating this distribution, the minimum quarterly distribution was adjusted to reflect the period beginning on January 24, 2013, the closing date of the IPO, through March 31, 2013. This distribution was paid on May 31, 2013 to unitholders of record on May 15, 2013. There were no distributions declared or paid prior to this distribution.

On July 23, 2013, the Partnership, in accordance with the partnership agreement, declared a quarterly cash distribution totaling \$13.5 million, or \$0.4225 per unit. The distribution was paid on August 30, 2013 to unitholders of record on August 15, 2013.

On October 22, 2013, the Partnership, in accordance with the partnership agreement, declared a quarterly cash distribution totaling \$13.9 million, or \$0.4325 per unit. This distribution represents a 4.8% increase over the minimum quarterly distribution of \$0.4125 per unit. The distribution will be paid on November 29, 2013 to unitholders of record on November 15, 2013.

Because we intend to distribute substantially all of our cash available for distribution, our growth may not be as fast as the growth of businesses that reinvest their available cash to expand ongoing operations. Moreover, our future growth may be slower than our historical growth. We expect that we will, in large part, rely upon external financing sources, including bank borrowings and issuances of debt and equity securities, to fund acquisitions and expansion capital expenditures. To the extent we are unable to finance growth externally, our cash distribution policy could significantly impair our ability to grow. To the extent we issue additional units in connection with any acquisitions or expansion capital expenditures, the payment of distributions on those additional units may increase the risk that we will be unable to maintain or increase our per unit distribution level. The incurrence of additional debt by us would result in increased interest expense, which in turn may also affect the amount of cash that we have available to distribute to our unitholders.

The following table sets forth a summary of the net cash provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended	
	September 30,	
	2013	2012
		Predecessor
	(Dollars in millions)	
Net cash provided by operating activities	\$69.7	\$30.7
Net cash used in investing activities	(49.0) (8.1
Net cash provided by (used in) financing activities	57.8	(22.6
Net increase in cash and cash equivalents	\$78.5	\$—
Cash Provided by Operating Activities		

Net cash provided by operating activities increased by \$39.0 million to \$69.7 million for the nine months ended September 30, 2013 from net cash provided by operations of \$30.7 million for the nine months ended September 30, 2012. The increase was primarily due to stronger operational performance, partially offset by changes in working capital. The change in working capital was primarily driven by the build-up of accounts receivable related to sales subsequent to the IPO as SunCoke did not contribute \$39.6 million of Predecessor accounts receivable to the Partnership. Additionally, the settlement of the liability for sales discounts at our Haverhill facility of \$12.4 million contributed to the change in working capital.

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Cash used in investing activities increased \$40.9 million to \$49.0 million for the nine months ended September 30, 2013 as compared to \$8.1 million in the corresponding period in 2012. The increase is attributable to the acquisition of Lake Terminal for \$28.6 million and increased environmental remediation expenditures at our Haverhill facility of \$14.1 million partially offset by slightly lower on-going capital expenditures.

Cash Provided by (Used in) Financing Activities

The Predecessor's operations were funded with cash from operations and funding from SunCoke. As a result, none of SunCoke's cash was assigned to us in the Combined Financial Statements for periods prior to the IPO and the changes in cash flow from operating and investing activities were the only impacts on our cash flow from financing activities for those periods. Transfers of cash to and from SunCoke's financing and cash management program are reflected as a component of parent net equity on the Combined Balance Sheet and directly impact the Predecessor's cash flow from financing activities. Following the IPO, we maintain our own bank accounts.

Net cash provided by financing activities increased by \$80.4 million to \$57.8 million of net cash provided by financing activities for the nine months ended September 30, 2013 from \$22.6 million of net cash used in financing activities for the same prior year period. In the first quarter of 2013, we received net proceeds of \$231.8 million from the issuance of 13,500,000 common units in SunCoke Energy Partners, L.P. and \$150.0 million from the issuance of the Partnership Notes. These increases were partially offset by the repayment of \$225.0 million of our term loan, debt issuance costs of \$6.8 million and distributions of \$69.5 million to SunCoke, \$33.1 million to reimburse SunCoke for expenditures made during the two-year period prior to the IPO for the expansion and improvement of certain assets and \$36.4 million of distributions from earnings of Haverhill and Middletown subsequent to the IPO. Distributions to unitholders of \$23.3 million further offset the increase.

Capital Requirements and Expenditures

Our cokemaking operations are capital intensive, requiring significant investment to upgrade or enhance existing operations and to meet environmental and operational regulations. The level of future capital expenditures will depend on various factors, including market conditions and customer requirements, and may differ from current or anticipated levels. Material changes in capital expenditures levels may impact financial results, including but not limited to the amount of depreciation, interest expense and repair and maintenance expense.

Our capital requirements have consisted, and are expected to consist, primarily of:

- ongoing capital expenditures required to maintain equipment reliability, ensure the integrity and safety of our coke ovens and steam generators and comply with environmental regulations;
- environmental remediation capital expenditures required to implement design changes to ensure that our existing facilities operate in accordance with existing environmental permits; and
- expansion capital expenditures to acquire and/or construct complementary assets to grow our business and to expand existing facilities as well as capital expenditures made to enable the renewal of a coke sales agreement and on which we expect to earn a reasonable return.

The following table summarizes capital expenditures for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30,	
	2013	2012 Predecessor
	(Dollars in millions)	
Ongoing capital	\$6.3	\$8.1
Environmental remediation capital	14.1	—
Total	\$20.4	\$8.1

Our capital expenditures for 2013 are now expected to be approximately \$35 million, of which ongoing capital expenditures are anticipated to be approximately \$14 million. Previously, we expected 2013 capital expenditures to be approximately \$29 million, of which ongoing capital expenditures were anticipated to be approximately \$14 million. Ongoing capital expenditures are capital expenditures made to maintain the existing operating capacity of our assets

and/or to extend their useful lives. Ongoing capital expenditures also include new equipment that improves the efficiency, reliability or effectiveness of existing assets. Ongoing capital expenditures do not include normal repairs and maintenance, which are expensed as incurred. We retained \$67 million of proceeds from the IPO to pre-fund certain identified environmental capital

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expenditures. In 2012, we spent approximately \$5 million in environmental remediation capital to comply with the expected terms of a consent decree negotiated with the EPA to resolve past NOV's with respect to our air permits and now expect to spend approximately \$21 million in 2013, up from \$15 million as previously expected. SunCoke will indemnify us for certain environmental remediation costs.

Investments

On August 30, 2013, we completed the acquisition of the assets and business operations of Lake Terminal for a purchase price of \$28.6 million.

On October 1, 2013, we completed the acquisition of KRT for \$86.0 million utilizing \$46.0 million of available cash and \$40.0 million of borrowings under our existing revolving credit facility. This investment was not contemplated in our prior cash flow expenditures and projections.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Critical Accounting Policies

There have been no significant changes to our accounting policies during the nine months ended September 30, 2013. Please refer to our Annual Report on Form 10-K dated February 22, 2013 for a summary of these policies.

Recent Accounting Standards

There have been no new accounting standards applicable to the Partnership that have been adopted during the nine months ended September 30, 2013.

Non-GAAP Financial Measures

In addition to the GAAP results provided in the Quarterly Report on Form 10-Q, we have provided a non-GAAP financial measure, Adjusted EBITDA. Reconciliation from GAAP to the non-GAAP measurement is presented below. Our management, as well as certain investors, use this non-GAAP measure to analyze our current and expected future financial performance. This measure is not in accordance with, or a substitute for, GAAP and may be different from, or inconsistent with, non-GAAP financial measures used by other companies.

Adjusted EBITDA. Adjusted EBITDA represents earnings before interest, taxes, depreciation ("EBITDA"), adjusted for sales discounts. EBITDA reflects sales discounts included as a reduction in sales and other operating revenue. The sales discounts represent the sharing with customers of a portion of nonconventional fuels tax credits, which reduce our income tax expense. However, we believe our Adjusted EBITDA would be inappropriately penalized if these discounts were treated as a reduction of EBITDA since they represent sharing of a tax benefit that is not included in EBITDA. Accordingly, in computing Adjusted EBITDA, we have added back these sales discounts because the eligibility to generate these tax credits expired on June 30, 2012. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or operating income under GAAP and may not be comparable to other similarly titled measures in other businesses. Management believes Adjusted EBITDA is an important measure of the operating performance of the Partnership's net assets.

We believe Adjusted EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance. Adjusted EBITDA is a measure of operating performance that is not defined by GAAP, does not represent and should not be considered a substitute for net income as determined in accordance with GAAP. Calculations of Adjusted EBITDA may not be comparable to those reported by other companies.

Set forth below is additional detail as to how we use Adjusted EBITDA as a measure of operating performance, as well as a discussion of the limitations of Adjusted EBITDA as an analytical tool.

Operating Performance. Our management uses Adjusted EBITDA in a number of ways to assess our combined financial and operating performance, and we believe this measure is helpful to management in identifying trends in our performance. Adjusted EBITDA helps management identify controllable expenses and make decisions designed to help us meet our current financial goals and optimize our financial performance while neutralizing the impact of capital structure on financial results. Accordingly, we believe this metric measures our financial performance based on operational factors that management can impact in the short-term, namely our cost structure and expenses.

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Limitations. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. Adjusted EBITDA also has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Some of these limitations include that Adjusted EBITDA:

- does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, working capital needs;
- does not reflect our interest expense, or the cash requirements necessary to service interest on or principal payments of our debt;
- does not reflect certain other non-cash income and expenses;
- excludes income taxes that may represent a reduction in available cash; and
- includes net income attributable to noncontrolling interests.

We explain Adjusted EBITDA and reconcile this non-GAAP financial measure to our net income, which is its most directly comparable financial measure calculated and presented in accordance with GAAP.

Below is a reconciliation of Adjusted EBITDA to its closest GAAP measure:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012 Predecessor	2013	2012 Predecessor
	(Dollars in millions)			
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P./Predecessor	\$22.1	\$34.7	\$75.9	\$93.8
Add: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	13.6	—	38.3	—
Adjusted EBITDA	\$35.7	\$34.7	\$114.2	\$93.8
Subtract:				
Depreciation expense	8.3	7.7	23.5	24.4
Interest expense, net	2.8	2.5	12.3	7.8
Income tax expense	0.1	7.1	4.2	17.4
Sales discounts provided to customers due to sharing of nonconventional fuel tax credits ⁽²⁾	—	—	(0.6) 2.7
Net income	\$24.5	\$17.4	\$74.8	\$41.5

(1) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest share of interest, taxes and depreciation.

(2) At December 31, 2012, we had \$12.4 million in accrued sales discounts to be paid to our customer at our Haverhill facility. During the first quarter of 2013, we settled this obligation for \$11.8 million which resulted in a gain of \$0.6 million. This gain is recorded in sales and other operating revenue on our Combined and Consolidated Statement of Income.

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Below is a reconciliation of Adjusted EBITDA to its closest GAAP measure disaggregated for periods prior to and subsequent to the IPO:

	SunCoke Energy Partners, L.P. Predecessor Through January 23, 2013 (Dollars in millions)	SunCoke Energy Partners, L.P. From January 24, 2013	Nine Months Ended September 30, 2013
Adjusted EBITDA attributable to Predecessor/SunCoke Energy Partners, L.P.	\$ 9.7	\$ 66.2	\$ 75.9
Add: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	—	38.3	38.3
Adjusted EBITDA	\$ 9.7	\$ 104.5	\$ 114.2
Subtract:			
Depreciation expense	1.9	21.6	23.5
Interest expense, net	0.6	11.7	12.3
Income tax expense	3.7	0.5	4.2
Sales discounts provided to customers due to sharing of nonconventional fuel tax credits ⁽²⁾	—	(0.6) (0.6
Net income	\$ 3.5	\$ 71.3	\$ 74.8

(1) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest share of interest, taxes and depreciation.

At December 31, 2012, we had \$12.4 million in accrued sales discounts to be paid to our customer at our Haverhill facility. During the first quarter of 2013, we settled this obligation for \$11.8 million which resulted in a gain of \$0.6 million. This gain is recorded in sales and other operating revenue on our Combined and Consolidated Statement of Income.

Below is a reconciliation of 2013 Estimated Adjusted EBITDA to its closest GAAP measure:

	2013	
	Low	High
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P./Predecessor	\$95.6	\$103.6
Add: Adjusted EBITDA attributable to noncontrolling interest ⁽¹⁾	53.0	54.0
Total Adjusted EBITDA	\$148.6	\$157.6
Subtract:		
Depreciation expense	33.0	33.5
Interest expense, net	15.5	16.5
Income tax expense	4.5	4.5
Sales discounts provided to customers due to sharing of nonconventional fuel tax credits ⁽²⁾	(0.6) (0.6
Net income	\$96.2	\$103.7

(1) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest share of interest, taxes and depreciation.

At December 31, 2012, we had \$12.4 million in accrued sales discounts to be paid to our customer at our Haverhill facility. During the first quarter of 2013, we settled this obligation for \$11.8 million which resulted in a gain of \$0.6 million. This gain is recorded in sales and other operating revenue on our Combined and Consolidated Statement of Income.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Quarterly Report on Form 10-Q, including, among others, in the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Such forward-looking statements are based on management’s beliefs and assumptions and on information currently available. Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and may be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “will,” “should” or the negative of these terms or similar expressions. In particular, statements in this quarterly report on Form 10-Q concerning future distributions are subject to approval by the Board of Directors of our general partner and will be based upon circumstances then existing.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update any forward-looking statement (or its associated cautionary language), whether as a result of new information or future events, after the date of this prospectus, except as required by applicable law.

The risk factors discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2012 and in subsequent filings could cause our results to differ materially from those expressed in forward-looking statements. There may also be other risks that we are unable to predict at this time. Such risks and uncertainties include, without limitation:

- changes in levels of production, production capacity, pricing and/or margins for coal and coke;
- variation in availability, quality and supply of metallurgical coal used in the cokemaking process, including as a result of non-performance by our suppliers;
- changes in the marketplace that may affect our coal logistics business and/or the supply and demand for our metallurgical coke products, including increased exports of coke from foreign producers
- competition from alternative steelmaking and cokemaking technologies that have the potential to reduce or eliminate the use of metallurgical coke;
- our dependence on, relationships with, and other conditions affecting, our customers;
- severe financial hardship or bankruptcy of one or more of our major customers, or the occurrence of a customer default or other event affecting our ability to collect payments from our customers;
- volatility and cyclical downturns the coal market in the carbon steel industry and other industries in which our customers operate;
- our ability to enter into new, or renew existing, long-term agreements upon favorable terms for the supply of metallurgical coke to steel producers, or for coal logistics services;
- our ability to identify acquisitions, execute them under favorable terms and integrate them into our exiting business operations;
- our ability to develop, design, permit, construct, start up or operate new cokemaking facilities in the U.S.;
- our ability to successfully implement our growth strategy;
- our ability to consummate investments under favorable terms, including with respect to existing cokemaking facilities, which may utilize by-product technology, in the U.S. and Canada, and integrate them into our existing businesses and have them perform at anticipated levels;
- receipt of regulatory approvals and compliance with contractual obligations required in connection with our operations;
- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking and/or coal logistics operations, and in the operations of our major customers, business partners and/or suppliers;
- changes in the expected operating levels of our assets;
-

our ability to meet minimum volume requirements, coal-to-coke yield standards and coke quality requirements in our coke sales agreements;

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- changes in the level of capital expenditures or operating expenses, including any changes in the level of environmental capital, operating or remediation expenditures;
- our ability to service our outstanding indebtedness;
- our ability to comply with the restrictions imposed by our financing arrangements;
- nonperformance or force majeure by, or disputes with, or changes in contract terms with, major customers, suppliers, dealers, distributors or other business partners;
- availability of skilled employees for our cokemaking and/or coal logistics operations, and other workplace factors;
- effects of railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- effects of adverse events relating to the operation of our facilities and to the transportation and storage of hazardous materials (including equipment malfunction, explosions, fires, spills, and the effects of severe weather conditions);
- changes in the availability and cost of equity and debt financing;
- impact on our liquidity and ability to raise capital as a result of changes in the credit ratings assigned to our indebtedness;
- changes in credit terms required by our suppliers;
- risks related to labor relations and workplace safety;
- changes in, or new, statutes, regulations, governmental policies and taxes, or their interpretations, including those relating to environmental matters;
- the existence of hazardous substances or other environmental contamination on property owned or used by us;
- claims of noncompliance with any statutory and regulatory requirements;
- changes in the status of, or initiation of new litigation, arbitration, or other proceedings to which we are a party or liability resulting from such litigation, arbitration, or other proceedings;
- historical combined and consolidated financial data may not be reliable indicator of future results;
- public company costs;
- our indebtedness and certain covenants in our debt documents;
- changes in product specifications for the coke that we produce;
- changes in insurance markets impacting costs and the level and types of coverage available, and the financial ability of our insurers to meet their obligations;
- changes in accounting rules and/or tax laws or their interpretations, including the method of accounting for inventories, leases and/or pensions;
- changes in financial markets impacting pension expense and funding requirements; and
- effects of geologic conditions, weather, natural disasters and other inherent risks beyond our control.

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause actual results to differ materially from those expressed in any forward-looking statement made by us. Other factors not discussed herein could also have material adverse effects on us. All forward-looking statements included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by the foregoing cautionary statements.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Partnership's exposure to market risk since December 31, 2012.

Item 4. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Exchange Act, as of the end of the period covered by this report, the Partnership carried out an evaluation of the effectiveness of the design and operation of the Partnership's disclosure controls and procedures. This evaluation was carried out under the supervision and with the participation of our management, including our principal executive officer and principal financial officer.

Disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed in Partnership reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the Partnership reports filed under the Exchange Act is accumulated and communicated to management, including the Partnership's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Partnership's disclosure controls and procedures were effective to provide reasonable assurance that financial information was processed, recorded and reported accurately based on criteria established in the 1992 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2013, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information presented in Note 8 entitled "Commitments and Contingent Liabilities" to our Combined and Consolidated Financial Statements within this Quarterly Report on Form 10-Q is incorporated herein by reference.

Items 1A. Risk Factors

Updates to our risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2012 related to our new coal handling business are disclosed below.

The growth and success of our coal logistics business depends upon our ability to find and contract for adequate throughput volumes, and an extended decline in demand for coal could affect the customers for our coal logistics business adversely. As a consequence, the operating results and cash flows of our coal logistics business could be materially and adversely affected.

The financial results of our Coal Logistics business segment are significantly affected by the demand for both thermal coal and metallurgical coal. An extended decline in our customers' demand for either thermal or metallurgical coals could result in a reduced need for the coal blending, terminalling and transloading services we offer, thus reducing throughput and utilization of our coal logistics assets. Demand for such coals may fluctuate due to factors beyond our control:

The demand for thermal coal can be impacted by changes in the energy consumption pattern of industrial consumers, electricity generators and residential users, as well as weather conditions. The amount of thermal coal consumed for electric power generation is affected primarily by the overall demand for electricity, the availability, quality and price of competing fuels for power generation, and governmental regulation. Natural gas-fueled generation has the potential to displace coal-fueled generation, particularly from older, less efficient coal-powered generators. State and federal mandates for increased use of electricity from renewable energy sources, or the retrofitting of existing coal-fired generators with pollution control systems, also could adversely impact the demand for thermal coal. Finally, unusually warm winter weather may reduce the commercial and residential needs for heat and electricity which, in turn, may reduce the demand for thermal coal; and

The demand for metallurgical coal for use in the steel industry may be impacted adversely by economic downturns resulting in decreased demand for steel and an overall decline in steel production. A decline in blast furnace production of steel may reduce the demand for furnace coke, an intermediate product made from metallurgical coal. Decreased demand for metallurgical coal also may result from increased steel industry utilization of processes that do not use, or reduce the need for, furnace coke, such as electric arc furnaces, or blast furnace injection of pulverized coal or natural gas.

Additionally, fluctuations in the market price of coal can greatly affect production rates and investments by third parties in the development of new and existing coal reserves. Mining activity may decrease as spot coal prices decrease. We have no control over the level of mining activity by coal producers, which may be affected by prevailing and projected coal prices, demand for hydrocarbons, the level of coal reserves, geological considerations, governmental regulation and the availability and cost of capital. A material decrease in coal mining production in the areas of operation for our coal logistics business, whether as a result of depressed commodity prices or otherwise, could result in a decline in the volume of coal processed through our coal logistics facilities, which would reduce our revenues and operating income.

Decreased demand for thermal or metallurgical coals, and extended or substantial price declines for coal could adversely affect our operating results for future periods and our ability to generate cash flows necessary to improve productivity and expand operations. The cash flows associated with our coal logistics business may decline unless we are able to secure new volumes of coal by attracting additional customers to these operations. Future growth and profitability of our coal logistics business segment will depend, in part, upon whether we can contract for additional coal volumes at a rate greater than that of any decline in volumes from existing customers. Accordingly, decreased demand for coal, or a decrease in the market price of coal, could have a material adverse effect on the results of operations or financial condition of our coal logistics business.

Our failure to obtain or renew surety bonds on acceptable terms could materially and adversely affect our ability to secure our reclamation obligations and, therefore, our ability to operate our coal logistics business. Federal and state laws require us to obtain surety bonds to secure performance or payment of certain long-term obligations, such as reclamation costs, federal and state workers' compensation costs and other obligations. Surety bond issuers

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and holders may not continue to renew the bonds or may demand higher fees, additional collateral, including letters of credit, or other terms less favorable to us upon renewals. We are also subject to increases in the amount of surety bonds required by Surface Mining Control Reclamation Act and other federal and state laws as these laws, or interpretations of these laws, change. Because we are required by state and federal law to have these bonds in place before activities at our coal logistics operations can commence or continue, our failure to maintain (or inability to acquire) these bonds would have a material and adverse impact on us. That failure could result from a variety of factors, including: lack of availability, higher expense or unfavorable market terms of new bonds; restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of future indebtedness; our inability to meet certain financial tests with respect to a portion of the reclamation bonds; and the exercise by third-party surety bond issuers of their right to refuse to renew, or to issue, new bonds.

Our coal logistics business is subject to operating risks, some of which are beyond our control, that could result in a material increase in our operating expenses.

Factors beyond our control could disrupt our coal logistics operations, adversely affect our ability to service the needs of our customers, and increase our operating costs, all of which could have a material adverse effect on our results of operations. Such factors could include:

- geological, hydrologic, or other conditions that may cause damage to infrastructure or personnel;
- a major incident that causes all or part of the coal logistics operations at a site to cease for a period of time;
- processing and plant equipment failures and unexpected maintenance problems;
- adverse weather and natural disasters, such as heavy rains or snow, flooding and other natural events affecting coal logistics operations, transportation, or customers;

If any of these conditions or events occur, our coal logistics operations may be disrupted, operating costs could increase significantly, and we could incur substantial losses in this business segment. Disruptions in our coal logistics operations could seriously and adversely affect our financial condition, or results of operations.

Deterioration in the global economic conditions in any of the industries in which our customers operate, or sustained uncertainty in financial markets, may have adverse impacts on our business and financial condition that we currently cannot predict.

Economic conditions in a number of industries in which our customers operate, such as electric power generation and steel making, substantially deteriorated in recent years and reduced the demand for coal.

• demand for electricity in the United States is impacted by industrial production, which if weakened would negatively impact the revenues, margins and profitability of our coal logistics business;

- demand for metallurgical coal depends on steel demand in the United States and globally, which if weakened would negatively impact the revenues, margins and profitability of our coal logistics business;

• the tightening of credit or lack of credit availability to our customers could adversely affect our ability to collect our trade receivables; and

• our ability to access the capital markets may be restricted at a time when we would like, or need, to raise capital for our business including for potential acquisitions, or other growth opportunities.

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Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Form 10-Q.

Exhibit Number	Description
10.1	Amendment No. 1 to Credit Agreement, dated as of August 28, 2013, by and among SunCoke Energy Partners, L.P., the other borrowers parties thereto, the various lenders parties thereto, and J.P. Morgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the SunCoke Energy Partners, L.P. Current Report on Form 8-K, filed August 30, 2013)
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial statements from SunCoke Energy Partners L.P.'s Quarterly Report on Form 10-Q for the three months ended September 30, 2013, filed with the Securities and Exchange Commission on October 30, 2013, formatted in XBRL (eXtensible Business Reporting Language is attached to this report): (i) the Combined and Consolidated Statements of Operations; (ii) the Combined and Consolidated Balance Sheets; (iii) the Combined and Consolidated Statements of Cash Flows; and, (iv) the Notes to Combined and Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities and Exchange Act of 1934, and otherwise is not subject to liability under these sections.

* Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(a) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lisle, State of Illinois, on October 30, 2013.

SunCoke Energy Partners, L.P.

By: SunCoke Energy Partners GP LLC, its general partner

By: /s/ Mark E. Newman
Senior Vice President and Chief Financial Officer
(As Principal Financial Officer and Duly Authorized Officer of SunCoke Energy Partners GP LLC)