

CEDAR FAIR L P
Form 10-Q
November 07, 2008
Table of Contents

FORM 10 - Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

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

For the quarterly period ended September 28, 2008

OR

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

For the transition period from _____ to _____.

Commission file number 1-9444

CEDAR FAIR, L.P.

(Exact name of Registrant as specified in its charter)

DELAWARE

34-1560655

Edgar Filing: CEDAR FAIR L P - Form 10-Q

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
One Cedar Point Drive, Sandusky, Ohio 44870-5259

(Address of principal executive offices)

(zip code)

(419) 626-0830

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

	Units Outstanding As Of
Title of Class	October 1, 2008
Units Representing Limited Partner Interests	55,064,232

Table of Contents

CEDAR FAIR, L.P.

INDEX

FORM 10 - Q

Part I - Financial Information

Item 1.	<u>Financial Statements</u>	3-10
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11-17
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
Item 4.	<u>Controls and Procedures</u>	17-18

Part II - Other Information

Item 1A.	<u>Risk Factors</u>	18
Item 6.	<u>Exhibits</u>	18
	<u>Signatures</u>	19
	<u>Index to Exhibits</u>	20

Table of Contents**PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****CEDAR FAIR, L.P.****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands)

	9/28/08	12/31/07
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 71,694	\$ 5,501
Receivables	38,997	16,516
Inventories	32,008	26,884
Prepays and other current assets	10,960	13,847
	153,659	62,748
Property and Equipment:		
Land	338,960	344,688
Land improvements	320,689	317,811
Buildings	580,538	582,654
Rides and equipment	1,323,771	1,270,852
Construction in progress	17,270	33,997
	2,581,228	2,550,002
Less accumulated depreciation	(706,706)	(616,440)
	1,874,522	1,933,562
Goodwill	321,299	325,418
Other Intangibles, net	64,183	66,098
Other Assets	21,597	30,842
	\$ 2,435,260	\$ 2,418,668
LIABILITIES AND PARTNERS EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 17,450	\$ 17,450
Accounts payable	31,344	18,566
Deferred revenue	22,745	18,844
Accrued interest	9,985	660
Accrued taxes	59,733	15,836
Accrued salaries, wages and benefits	31,693	18,276
Self-insurance reserves	20,993	21,539
Other accrued liabilities	13,948	11,537
	207,891	122,708
Deferred Tax Liability	153,800	158,304
Other Liabilities	105,809	117,103

Edgar Filing: CEDAR FAIR L P - Form 10-Q

Long-Term Debt:		
Revolving credit loans		34,086
Term debt	1,692,650	1,701,375
	1,692,650	1,735,461
Partners' Equity:		
Special L.P. interests	5,290	5,290
General partner	1	
Limited partners, 55,064 and 54,248 units outstanding at September 28, 2008 and December 31, 2007, respectively	324,913	334,740
Accumulated other comprehensive loss	(55,094)	(54,938)
	275,110	285,092
	\$ 2,435,260	\$ 2,418,668

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

Table of Contents**CEDAR FAIR, L.P.****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per unit amounts)

	Three months ended		Nine months ended		Twelve months ended	
	9/28/08	9/30/07	9/28/08	9/30/07	9/28/08	9/30/07
Net revenues:						
Admissions	\$ 312,626	\$ 320,361	\$ 493,872	\$ 481,847	\$ 564,170	\$ 551,753
Food, merchandise and games	189,490	202,059	319,342	322,192	357,205	364,536
Accommodations and other	38,206	45,093	63,744	67,487	71,030	75,103
	540,322	567,513	876,958	871,526	992,405	991,392
Costs and expenses:						
Cost of food, merchandise and games revenues	47,849	49,518	81,091	80,558	93,159	94,183
Operating expenses	153,149	160,665	346,165	342,946	422,530	418,450
Selling, general and administrative	56,961	65,980	115,752	117,424	133,530	137,345
Loss on impairment / retirement of fixed assets	6,125	39,218	9,390	39,218	25,070	39,218
Depreciation and amortization	60,986	67,204	111,258	117,175	124,706	129,874
	325,070	382,585	663,656	697,321	798,995	819,070
Operating income	215,252	184,928	213,302	174,205	193,410	172,322
Interest expense	31,849	41,036	98,912	110,634	133,588	149,583
Other (income) expense, net	240	1,768	(208)	2,067	(3,010)	1,200
Income before taxes	183,163	142,124	114,598	61,504	62,832	21,539
Provision for taxes	91,614	87,992	52,143	56,966	9,406	46,983
Net income (loss)	91,549	54,132	62,455	4,538	53,426	(25,444)
Net income allocated to general partner	1	1	1		1	
Net income (loss) allocated to limited partners	\$ 91,548	\$ 54,131	\$ 62,454	\$ 4,538	\$ 53,425	\$ (25,444)
Basic earnings per limited partner unit:						
Weighted average limited partner units outstanding	55,058	54,220	55,193	54,188	55,190	54,161
Net income (loss) per limited partner unit	\$ 1.66	\$ 1.00	\$ 1.13	\$ 0.08	\$ 0.97	\$ (0.47)
Diluted earnings per limited partner unit:						
Weighted average limited partner units outstanding	55,453	55,068	55,808	55,010	55,861	54,161
Net income (loss) per limited partner unit	\$ 1.65	\$ 0.98	\$ 1.12	\$ 0.08	\$ 0.96	\$ (0.47)

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

Table of Contents**CEDAR FAIR, L.P.****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PARTNERS EQUITY****FOR THE NINE MONTHS ENDED SEPTEMBER 28, 2008**

(In thousands, except per unit amounts)

	Nine Months Ended 09/28/08
Limited Partnership Units Outstanding	
Beginning balance 12/31/07	54,248
Limited partnership unit options exercised	773
Issuance of limited partnership units as compensation	43
	55,064
Limited Partners Equity	
Beginning balance 12/31/07	\$ 334,740
Net income	62,454
Partnership distributions declared (\$1.435 per limited partnership unit)	(78,647)
Expense recognized for limited partnership unit options	(2)
Limited partnership unit options exercised	4,538
Tax effect of units involved in option exercises and treasury unit transactions	865
Issuance of limited partnership units as compensation	965
	324,913
General Partners Equity	
Beginning balance 12/31/07	
Net income	1
	1
Special L.P. Interests	
	5,290
Accumulated Other Comprehensive Income (Loss)	
Cumulative foreign currency translation adjustment:	
Beginning balance 12/31/07	12,755
Current period activity, net of tax (\$904)	(1,678)
	11,077
Unrealized loss on cash flow hedging derivatives:	
Beginning balance 12/31/07	(67,693)
Current period activity, net of tax (\$1,354)	1,522
	(66,171)
	(55,094)
Total Partners Equity	\$ 275,110

Summary of Comprehensive Income (Loss)

Net income	\$	62,455
Other comprehensive loss		