



CVR Partners Reports Second Quarter 2023 Results and Announces a Cash Distribution of \$4.14

July 31, 2023

SUGAR LAND, Texas, July 31, 2023 (GLOBE NEWSWIRE) -- CVR Partners, LP ("CVR Partners" or the "Partnership") (NYSE: UAN), a manufacturer of ammonia and urea ammonium nitrate ("UAN") solution fertilizer products, today announced net income of \$60 million, or \$5.66 per common unit, on net sales of \$183 million for the second quarter of 2023, compared to net income of \$118 million, or \$11.12 per common unit, on net sales of \$244 million for the second quarter of 2022. EBITDA was \$87 million for the second quarter of 2023, compared to EBITDA of \$147 million for the second quarter of 2022.

"CVR Partners achieved solid results for the 2023 second quarter led by strong production, including a combined ammonia production rate of 100 percent offset by lower fertilizer pricing," said Mark Pytosh, Chief Executive Officer of CVR Partners' general partner. "The spring planting season went well with favorable weather and strong demand for nitrogen fertilizer.

"As we enter a new planting season, nitrogen fertilizer prices have fully reset and we have seen strong demand for the second half of 2023," Pytosh said. "Our focus for the remainder of the year will continue to be on safe, reliable operations and maximizing our free cash generation and cash distribution."

Consolidated Operations

For the second quarter of 2023, CVR Partners' average realized gate prices for UAN showed a reduction over the prior year, down 43 percent to \$316 per ton, and ammonia was down 40 percent over the prior year to \$707 per ton. Average realized gate prices for UAN and ammonia were \$555 and \$1,182 per ton, respectively, for the second quarter of 2022.

CVR Partners' fertilizer facilities produced a combined 219,000 tons of ammonia during the second quarter of 2023, of which 70,000 net tons were available for sale while the rest was upgraded to other fertilizer products, including 339,000 tons of UAN. In the second quarter of 2022, the fertilizer facilities produced 193,000 tons of ammonia, of which 50,000 net tons were available for sale while the remainder was upgraded to other fertilizer products, including 331,000 tons of UAN. These increases were due to operating reliability after completing the planned turnarounds at both fertilizer facilities during the third quarter of 2022.

Distributions

CVR Partners also announced that on July 31, 2023, the Board of Directors of the Partnership's general partner (the "Board") declared a second quarter 2023 cash distribution of \$4.14 per common unit, which will be paid on August 21, 2023, to common unitholders of record as of August 14, 2023.

CVR Partners is a variable distribution master limited partnership. As a result, its distributions, if any, will vary from quarter to quarter due to several factors, including, but not limited to, its operating performance, fluctuations in the prices received for its finished products, maintenance capital expenditures, use of cash and cash reserves deemed necessary or appropriate by the Board.

Second Quarter 2023 Earnings Conference Call

CVR Partners previously announced that it will host its second quarter 2023 Earnings Conference Call on Tuesday, August 1, at 11 a.m. Eastern. The Earnings Conference Call may also include discussion of the Partnership's developments, forward-looking information and other material information about business and financial matters.

The second quarter 2023 Earnings Conference Call will be webcast live and can be accessed on the Investor Relations section of CVR Partners' website at www.CVRPartners.com. For investors or analysts who want to participate during the call, the dial-in number is (877) 407-8029. The webcast will be archived and available for 14 days at <https://edge.media-server.com/mmc/p/o8wcogou>. A repeat of the call also can be accessed for 14 days by dialing (877) 660-6853, conference ID 13739749.

Qualified Notice

This release serves as a qualified notice to nominees and brokers as provided for under Treasury Regulation Section 1.1446-4(b). Please note that 100 percent of CVR Partners' distributions to foreign investors are attributable to income that is effectively connected with a United States trade or business. Accordingly, CVR Partners' distributions to foreign investors are subject to federal income tax withholding at the highest effective tax rate.

Forward-Looking Statements

This news release contains forward-looking statements. Statements concerning current estimates, expectations and projections about future results, performance, prospects, opportunities, plans, actions and events and other statements, concerns, or matters that are not historical facts are "forward-looking statements," as that term is defined under the federal securities laws. These forward-looking statements include, but are not limited to, statements regarding future: Partnership results, including the drivers thereof; production and shipment rates; nitrogen fertilizer pricing; planting season impacts; demand for nitrogen fertilizers; ability to maximize free cash generation and cash distributions; net income; net sales; EBITDA and Adjusted EBITDA; realized gate prices for ammonia and UAN; ammonia production levels, including volumes upgraded to other fertilizer products such as UAN, and the drivers thereof; distributions, including the timing, payment and amount (if any) thereof; the Partnership's cash distribution policy; continued safe and reliable operations; operating performance, operating costs and capital expenditures; Section 45Q credits and future payments arising under the 45Q Transaction (if any), including the amount, timing and receipt thereof; consideration of opportunities to reduce our

carbon footprint; timing of turnaround and reliability projects and the impact thereof on operating rates and results; utilization and reliability of our plants, including the impacts thereon; global fertilizer industry conditions, including the drivers thereof; farm economics; cash flow, use of cash and reserves; weather conditions, including the impact thereof on our business; natural gas and global energy costs; risks related to the conclusion of consideration of a spin-off of some or all of the interests CVR Energy owns in the Partnership or potential future reconsideration thereof; and other matters. You can generally identify forward-looking statements by our use of forward-looking terminology such as “outlook,” “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “explore,” “evaluate,” “intend,” “may,” “might,” “plan,” “potential,” “predict,” “seek,” “should,” or “will,” or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. Investors are cautioned that various factors may affect these forward-looking statements, including (among others) the rate of any economic improvement, impacts of the planting season on our business, the health and economic effects of COVID-19 and any variants thereof, general economic and business conditions, political disturbances, geopolitical instability and tensions, and associated changes in global trade policies and economic sanctions, including, but not limited to, in connection with the Russia/Ukraine conflict, and other risks. For additional discussion of risk factors which may affect our results, please see the risk factors and other disclosures included in our most recent Annual Report on Form 10-K, any subsequently filed Quarterly Reports on Form 10-Q and our other Securities and Exchange Commission (“SEC”) filings. These and other risks may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this news release are made only as of the date hereof. CVR Partners disclaims any intention or obligation to update publicly or revise its forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law.

About CVR Partners, LP

Headquartered in Sugar Land, Texas, CVR Partners, LP is a Delaware limited partnership focused on the production, marketing and distribution of nitrogen fertilizer products. It primarily produces urea ammonium nitrate (UAN) and ammonia, which are predominantly used by farmers to improve the yield and quality of their crops. CVR Partners’ Coffeyville, Kansas, nitrogen fertilizer manufacturing facility includes a 1,300 ton-per-day ammonia unit, a 3,100 ton-per-day UAN unit and a dual-train gasifier complex having a capacity of 89 million standard cubic feet per day of hydrogen. CVR Partners’ East Dubuque, Illinois, nitrogen fertilizer manufacturing facility includes a 1,075 ton-per-day ammonia unit and a 950 ton-per-day UAN unit.

Investors and others should note that CVR Partners may announce material information using SEC filings, press releases, public conference calls, webcasts, and the Investor Relations page of its website. CVR Partners may use these channels to distribute material information about the Partnership and to communicate important information about the Partnership, corporate initiatives and other matters. Information that CVR Partners posts on its website could be deemed material; therefore, CVR Partners encourages investors, the media, its customers, business partners and others interested in the Partnership to review the information posted on its website.

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Non-GAAP Measures

Our management uses certain non-GAAP performance measures, and reconciliations to those measures, to evaluate current and past performance and prospects for the future to supplement our financial information presented in accordance with accounting principles generally accepted in the United States (“GAAP”). These non-GAAP financial measures are important factors in assessing our operating results and profitability and include the performance and liquidity measures defined below.

The following are non-GAAP measures we present for the period ended June 30, 2023:

EBITDA - Net income (loss) before (i) interest expense, net, (ii) income tax expense (benefit) and (iii) depreciation and amortization expense.

Adjusted EBITDA - EBITDA adjusted for certain significant non-cash items and items that management believes are not attributable to or indicative of our on-going operations or that may obscure our underlying results and trends.

Reconciliation of Net Cash Provided By Operating Activities to EBITDA - Net cash provided by operating activities reduced by (i) interest expense, net, (ii) income tax expense (benefit), (iii) change in working capital, and (iv) other non-cash adjustments.

Available Cash for Distribution - EBITDA for the quarter excluding non-cash income or expense items (if any), for which adjustment is deemed necessary or appropriate by the Board in its sole discretion, less (i) reserves for maintenance capital expenditures, debt service and other contractual obligations, and (ii) reserves for future operating or capital needs (if any), in each case, that the Board deems necessary or appropriate in its sole discretion. Available cash for distribution may be increased by the release of previously established cash reserves, if any, and other excess cash, at the discretion of the Board.

We present these measures because we believe they may help investors, analysts, lenders, and ratings agencies analyze our results of operations and liquidity in conjunction with our GAAP results, including, but not limited to, our operating performance as compared to other publicly traded companies in the fertilizer industry, without regard to historical cost basis or financing methods, and our ability to incur and service debt and fund capital expenditures. Non-GAAP measures have important limitations as analytical tools because they exclude some, but not all, items that affect net earnings and operating income. These measures should not be considered substitutes for their most directly comparable GAAP financial measures. Refer to the “Non-GAAP Reconciliations” included herein for reconciliation of these amounts. Due to rounding, numbers presented within this section

may not add or equal to numbers or totals presented elsewhere within this document.

CVR Partners, LP
(all information in this release is unaudited)

Consolidated Statement of Operations Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands, except per unit data)</i>				
Net sales ⁽¹⁾	\$ 183,005	\$ 244,000	\$ 409,266	\$ 466,874
<i>Operating costs and expenses:</i>				
Cost of materials and other	33,410	40,984	69,989	71,230
Direct operating expenses (exclusive of depreciation and amortization)	55,759	48,767	113,303	109,084
Depreciation and amortization	19,755	21,220	34,965	40,686
Cost of sales	108,924	110,971	218,257	221,000
Selling, general and administrative expenses	7,291	7,008	14,675	15,752
Loss on asset disposal	64	93	256	267
Operating income	66,726	125,928	176,078	229,855
<i>Other (expense) income:</i>				
Interest expense, net	(6,919)	(8,308)	(14,093)	(18,343)
Other income (expense), net	52	81	(212)	108
Income before income tax expense	59,859	117,701	161,773	211,620
Income tax expense	2	119	46	377
Net income	\$ 59,857	\$ 117,582	\$ 161,727	\$ 211,243
Basic and diluted earnings per common unit	\$ 5.66	\$ 11.12	\$ 15.30	\$ 19.90
Distributions declared per common unit	10.43	2.26	20.93	7.50
EBITDA*	\$ 86,533	\$ 147,229	\$ 210,831	\$ 270,649
Available Cash for Distribution*	43,778	106,206	154,071	130,041
<i>Weighted-average common units outstanding:</i>				
Basic and Diluted	10,570	10,570	10,570	10,617

* See "Non-GAAP Reconciliations" section below for a reconciliation of these amounts.

(1) Below are the components of net sales:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands)</i>				
<i>Components of net sales:</i>				
Fertilizer sales	\$ 167,006	\$ 230,885	\$ 377,018	\$ 441,726
Freight in revenue	10,910	9,856	21,846	19,071
Other	5,089	3,259	10,402	6,077
Total net sales	\$ 183,005	\$ 244,000	\$ 409,266	\$ 466,874

Selected Balance Sheet Data

<i>(in thousands)</i>	June 30, 2023	December 31, 2022
Cash and cash equivalents	\$ 68,699	\$ 86,339
Working capital	120,009	139,647
Total assets	1,018,990	1,100,402
Total debt, including current portion	547,050	546,800
Total liabilities	666,674	688,591
Total partners' capital	352,316	411,811

Selected Cash Flow Data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands)</i>				

Net cash flow provided by (used in):

Operating activities	\$	60,844	\$	48,684	\$	191,287	\$	215,611
Investing activities		(3,268)		(5,831)		12,294		(13,730)
Financing activities		(110,240)		(23,888)		(221,221)		(158,085)
Net (decrease) increase in cash and cash equivalents	\$	(52,664)	\$	18,965	\$	(17,640)	\$	43,796

Capital Expenditures

<i>(in thousands)</i>	Three Months Ended June 30,		Six Months Ended June 30,					
	2023	2022	2023	2022				
Maintenance	\$	5,691	\$	7,981	\$	9,191	\$	13,109
Growth		598		32		623		553
Total capital expenditures	\$	6,289	\$	8,013	\$	9,814	\$	13,662

Key Operating Data**Ammonia Utilization⁽¹⁾**

<i>(percent of capacity utilization)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Consolidated	100%	89%	103%	88%

(1) Reflects our ammonia utilization rates on a consolidated basis and at each of our facilities. Utilization is an important measure used by management to assess operational output at each of the Partnership's facilities. Utilization is calculated as actual tons produced divided by capacity. We present our utilization for the three and six months ended June 30, 2023 and 2022 and take into account the impact of our current turnaround cycles on any specific period. Additionally, we present utilization solely on ammonia production rather than each nitrogen product as it provides a comparative baseline against industry peers and eliminates the disparity of plant configurations for upgrade of ammonia into other nitrogen products. With our efforts being primarily focused on ammonia upgrade capabilities, this measure provides a meaningful view of how well we operate.

Sales and Production Data

	Three Months Ended June 30,		Six Months Ended June 30,					
	2023	2022	2023	2022				
<i>Consolidated sales (thousand tons):</i>								
Ammonia	79	52	121	91				
UAN	329	287	688	609				
<i>Consolidated product pricing at gate (dollars per ton):⁽¹⁾</i>								
Ammonia	\$	707	\$	1,182	\$	770	\$	1,127
UAN		316		555		390		524
<i>Consolidated production volume (thousand tons):</i>								
Ammonia (gross produced) ⁽²⁾	219	193	442	380				
Ammonia (net available for sale) ⁽²⁾	70	50	132	102				
UAN	339	331	705	648				
<i>Feedstock:</i>								
Petroleum coke used in production (<i>thousand of tons</i>)	124	116	255	224				
Petroleum coke used in production (<i>dollars per ton</i>)	\$	73.91	\$	49.91	\$	75.62	\$	53.06
Natural gas used in production (<i>thousands of MMBtu</i>) ⁽³⁾	2,194	1,936	4,296	3,697				
Natural gas used in production (<i>dollars per MMBtu</i>) ⁽³⁾	\$	2.35	\$	7.34	\$	4.02	\$	6.48
Natural gas in cost of materials and other (<i>thousands of MMBtu</i>) ⁽³⁾	2,403	1,707	3,718	3,235				
Natural gas in cost of materials and other (<i>dollars per MMBtu</i>) ⁽³⁾	\$	4.11	\$	5.98	\$	5.41	\$	5.81

(1) Product pricing at gate represents sales less freight revenue divided by product sales volume in tons and is shown in order to provide a pricing measure that is comparable across the fertilizer industry.

(2) Gross tons produced for ammonia represent total ammonia produced, including ammonia produced that was upgraded into other fertilizer products. Net tons available for sale represent ammonia available for sale that was not upgraded into other fertilizer products.

(3) The feedstock natural gas shown above does not include natural gas used for fuel. The cost of fuel natural gas is included in direct operating

expense.

Key Market Indicators

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
Ammonia — Southern plains <i>(dollars per ton)</i>	\$ 435	\$ 1,241	\$ 586	\$ 1,259
Ammonia — Corn belt <i>(dollars per ton)</i>	472	1,405	682	1,391
UAN — Corn belt <i>(dollars per ton)</i>	298	632	335	624
Natural gas NYMEX <i>(dollars per MMBtu)</i>	\$ 2.33	\$ 7.49	\$ 2.54	\$ 6.06

Q3 2023 Outlook

The table below summarizes our outlook for certain operational statistics and financial information for the third quarter of 2023. See “Forward-Looking Statements” above.

	Q3 2023	
	Low	High
<i>Ammonia utilization rates</i>		
Consolidated	95%	100%
Coffeyville Facility	95%	100%
East Dubuque Facility	95%	100%
Direct operating expenses <i>(in millions)</i> ⁽¹⁾	\$ 50	\$ 55
Capital expenditures <i>(in millions)</i> ⁽²⁾	\$ 14	\$ 16

(1) Direct operating expenses are shown exclusive of depreciation and amortization, turnaround expenses, and impacts of inventory adjustments.

(2) Capital expenditures are disclosed on an accrual basis.

Non-GAAP Reconciliations:

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands)</i>				
Net income	\$ 59,857	\$ 117,582	\$ 161,727	\$ 211,243
Interest expense, net	6,919	8,308	14,093	18,343
Income tax expense	2	119	46	377
Depreciation and amortization	19,755	21,220	34,965	40,686
EBITDA and Adjusted EBITDA	\$ 86,533	\$ 147,229	\$ 210,831	\$ 270,649

Reconciliation of Net Cash Provided By Operating Activities to EBITDA and Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<i>(in thousands)</i>				
Net cash provided by operating activities	\$ 60,844	\$ 48,684	\$ 191,287	\$ 215,611
<i>Non-cash items:</i>				
Loss on extinguishment of debt	—	—	—	(628)
Share-based compensation	(2,203)	721	(4,136)	(11,353)
Other	(250)	(345)	(752)	(958)
<i>Adjustments:</i>				
Interest expense, net	6,919	8,308	14,093	18,343
Income tax expense	2	119	46	377
Change in assets and liabilities	21,221	89,742	10,293	49,257
EBITDA and Adjusted EBITDA	\$ 86,533	\$ 147,229	\$ 210,831	\$ 270,649

Reconciliation of EBITDA to Available Cash for Distribution

Three Months Ended	Six Months Ended
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(in thousands)	June 30,		June 30,	
	2023	2022	2023	2022
EBITDA	\$ 86,533	\$ 147,229	\$ 210,831	\$ 270,649
<i>Current (reserves) adjustments for amounts related to:</i>				
Net cash interest expense (excluding capitalized interest)	(8,466)	(8,466)	(16,932)	(17,800)
Debt service	—	—	—	(65,000)
Financing fees	—	—	—	(815)
Maintenance capital expenditures	(5,691)	(7,981)	(9,191)	(13,109)
Utility pass-through	(675)	(675)	(1,350)	(1,350)
Major scheduled expenditures	662	—	662	—
Common units repurchased	—	—	—	(12,397)
Net cash proceeds from the 45Q Transaction	(701)	—	17,351	—
<i>Other (reserves) releases:</i>				
Future turnaround	(3,334)	(9,875)	(6,500)	(16,750)
Cash reserves for future operating needs	(20,000)	(15,000)	(20,000)	(15,000)
Reserve for maintenance capital expenditures	(4,550)	974	(20,800)	1,613
Available Cash for distribution^{(1) (2)}	\$ 43,778	\$ 106,206	\$ 154,071	\$ 130,041
Common units outstanding	10,570	10,570	10,570	10,570

(1) Amount represents the cumulative available cash based on quarter-to-date and year-to-date results. However, available cash for distribution is calculated quarterly, with distributions (if any) being paid in the period following declaration.

(2) The Partnership declared and paid a \$10.50 and \$10.43 cash distribution related to the fourth quarter of 2022 and first quarter of 2023, respectively, and declared a cash distribution of \$4.14 per common unit related to the second quarter of 2023 to be paid in August 2023.



Source: CVR Partners, LP