UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2018 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	**35-2451470**
(State of or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1011 Warrenville Road, Suite 600 Lisle, Illinois	**60532**
(Address of principal executive offices)	**(zip code)**

Registrant's telephone number, including area code: (630) 824-1000
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on which Registered**
Common units representing limited partner interests	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ 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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒
The aggregate market value of the registrant's common units held by non-affiliates of the registrant (treating directors and executive officers of the registrant's general partner and holders of 10 percent or more of the common units outstanding, for this purpose, as affiliates of the registrant) as of June 30, 2018 was $251,920,809 , computed based on a price per common unit of $14.22 , the price at which the common units were last sold as reported on the New York Stock Exchange on such date.
As of February 8, 2019 , the registrant had 46,227,148 common units outstanding.

SUNCOKE ENERGY PARTNERS, L.P.

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PART I

Item 1. Business

Overview

SunCoke Energy Partners, L.P., (the "Partnership," "we," "our" and "us"), primarily produces coke used in the blast furnace production of steel. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. We also provide handling and/or mixing services to steel, coke (including some of our and SunCoke Energy, Inc.'s ("SunCoke") domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers.

At December 31, 2018 , we owned a 98 percent interest in Haverhill Coke Company LLC ("Haverhill"), Middletown Coke Company, LLC ("Middletown") and Gateway Energy and Coke Company, LLC ("Granite City") and SunCoke owned the remaining 2 percent interest in each of Haverhill, Middletown, and Granite City. The Partnership also owns a 100 percent interest in all of its logistics terminals. Through its subsidiary, SunCoke owned a 60.4 percent limited partnership interest in us and indirectly owned and controls our general partner, which holds a 2 percent general partner interest in us and all of our incentive distribution rights ("IDRs").

On February 5, 2019, SunCoke and the Partnership announced that they have entered into a definitive agreement whereby SunCoke will acquire all outstanding common units of the Partnership not already owned by SunCoke in a stock-for-unit merger transaction (the "Simplification Transaction"). Pursuant to the terms of this agreement ("Merger Agreement"), Partnership unaffiliated common unitholders will receive 1.40 SunCoke common shares, plus a fraction of a SunCoke common share based on a ratio as further described in the Merger Agreement, for each Partnership common unit. On behalf of the Partnership and its public unitholders, the terms of the Simplification Transaction were negotiated, reviewed and approved by the conflicts committee of the Board of Directors of the Partnership's general partner, which consisted solely of independent directors. The transaction was approved by the Board of Directors of the general partner of the Partnership and the Board of Directors of SunCoke.

Following completion of the Simplification Transaction, the Partnership will become a wholly-owned subsidiary of SunCoke, the Partnership's common units will cease to be publicly traded and the Partnership's IDRs will be eliminated. The Simplification Transaction is expected to close late in the second quarter of 2019 or early in the third quarter of 2019, subject to customary closing conditions, including the approval by holders of a majority of the outstanding SunCoke common shares and Partnership common units, as well as customary regulatory approvals. SunCoke indirectly owns the majority of the Partnership common units, which is sufficient to approve the transaction on behalf of the holders of Partnership common units.

We were organized in Delaware since July 2012, and are headquartered in Lisle, Illinois. We are a master limited partnership whose common units, representing limited partnership interests, were first listed for trading on the New York Stock Exchange ("NYSE") in January 2013 under the symbol "SXCP."

Cokemaking Operations

The following table sets forth information about our cokemaking facilities:

Facility	Location	Coke Customer	Year of Start Up	Contract Expiration	Number of Coke Ovens	Annual Cokemaking Nameplate Capacity (thousands of tons)	Use of Waste Heat
Haverhill I	Franklin Furnace, Ohio	AM USA	2005	December 2020	100	550	Process steam
Haverhill II	Franklin Furnace, Ohio	AK Steel	2008	December 2021	100	550	Power generation
Middletown [1]	Middletown, Ohio	AK Steel	2011	December 2032	100	550	Power generation
Granite City	Granite City, Illinois	U.S. Steel	2009	December 2025	120	650	Steam for power generation
Total					420	2,300	

(1) Cokemaking nameplate capacity represents stated capacity for the production of blast furnace coke. Middletown production and sales volumes are based on “run of oven” capacity, which includes both blast furnace coke and small coke. Using the stated capacity, Middletown nameplate capacity on a “run of oven” basis is approximately 578 thousand tons per year.

Together, we and SunCoke are the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and, in our opinion, SunCoke is the technological leader in the cokemaking process with over 55 years of coke production experience. SunCoke designed, developed, built, and currently owns and operates five cokemaking facilities in the United States (“U.S.”) (including, together with us, Haverhill, Middletown and Granite City) with an aggregate coke production capacity of approximately 4.2 million tons per year. Our cokemaking ovens have collective capacity to produce 2.3 million tons of coke annually and 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. SunCoke has constructed the only greenfield cokemaking facility in the U.S. in approximately 30 years and is the only North American coke producer that utilizes heat recovery technology in the cokemaking process.

SunCoke's advanced heat recovery cokemaking process has numerous advantages over by-product cokemaking, including producing higher quality coke, using waste heat to generate derivative energy for resale and reducing the environmental impact. The Clean Air Act Amendments of 1990 specifically directed the U.S. Environmental Protection Agency (“EPA”) to evaluate its heat recovery coke oven technology as a basis for establishing Maximum Achievable Control Technology (“MACT”) standards for new cokemaking facilities. In addition, each of the four cokemaking facilities that SunCoke has built since 1990 has either met or exceeded the applicable Best Available Control Technology (“BACT”), or Lowest Achievable Emission Rate (“LAER”) standards, as applicable, set forth by the EPA for cokemaking facilities at that time.

Our Granite City facility and the first phase of our Haverhill facility, or Haverhill I, have steam generation facilities which use hot flue gas from the cokemaking process to produce steam for sale to customers pursuant to steam supply and purchase agreements. Granite City sells steam to United States Steel Corporation ("U.S. Steel") and Haverhill I provides steam, at minimal cost, to Altivia Petrochemicals, LLC. Our Middletown facility and the second phase of our Haverhill facility, or Haverhill II, have cogeneration plants that use the hot flue gas created by the cokemaking process to generate electricity, which either is sold into the regional power market or to AK Steel Holding Corporation ("AK Steel") pursuant to energy sales agreements.

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 principally towards steelmaking customers that require coke for use in their blast furnaces. Substantially all of our coke sales were made pursuant to long-term, take-or-pay agreements with AK Steel, ArcelorMittal USA LLC and/or its affiliates (“AM USA”) and U.S. Steel, three of the largest blast furnace steelmakers in North America, each of which individually accounts for greater than ten percent of our consolidated revenues. The take-or-pay provisions require us to produce the contracted volumes of coke and require our customers to purchase such volumes of coke up to a specified tonnage or pay the contract price for any tonnage they elect not to take. As a result, our ability to produce the contracted coke volume is a key determinant of our profitability. We generally do not have significant spot coke sales since our capacity is consumed by long-term contracts; accordingly, spot

prices for coke do not generally affect our revenues. To date, our coke customers have satisfied their obligations under these agreements.

Our coke sales agreements have an average remaining term of approximately seven years and contain pass-through provisions for costs we incur in the cokemaking process, including coal and coal procurement costs subject to meeting contractual coal-to-coke yields, operating and maintenance costs, costs related to transportation of coke to our customers, taxes (other than income taxes) and costs associated with changes in regulation. When targeted coal-to-coke yields are achieved, the price of coal is not a significant determining factor in the profitability of these facilities, although it does affect our revenue and cost of sales for these facilities in approximately equal amounts. However, to the extent that the actual coal-to-coke yields are less than the contractual standard, we are responsible for the cost of the excess coal used in the cokemaking process. Conversely, to the extent our actual coal-to-coke yields are higher than the contractual standard, we realize gains. As coal prices increase, the benefits associated with favorable coal-to-coke yields also increase. These features of our coke sales agreements reduce our exposure to variability in coal price changes and inflationary costs over the remaining terms of these agreements.

Our coke prices include both an operating cost component and a fixed fee component. Operating costs under three of our coke sales agreements are passed through to the respective customers subject to an annually negotiated budget, in some cases subject to a cap annually adjusted for inflation, and we share any difference in costs from the budgeted amounts with our customers. Under our one other coke sales agreement, the operating cost component for our coke sales are fixed subject to an annual adjustment based on an inflation index. Accordingly, actual operating costs in excess of caps or budgets can have a significant impact on the profitability of all our domestic cokemaking facilities. The fixed fee component for each ton of coke sold to the customer is determined at the time the coke sales agreement is signed and is effective for the term of each sales agreement. The fixed fee is intended to provide an adequate return on invested capital and may differ based on investment levels and other considerations. The actual return on invested capital at any facility is based on the fixed fee per ton and favorable or unfavorable performance on pass-through cost items.

The coke sales agreement and energy sales agreement with AK Steel at our Haverhill facility are subject to early termination by AK Steel only if AK Steel meets both of the following two criteria: (1) AK Steel permanently shuts down operation of the iron producing portion of its Ashland Works Plant and (2) AK Steel has not acquired or begun construction of a new blast furnace in the U.S. to replace, in whole or in part, the Ashland Works Plant iron production capacity. If AK Steel were able to satisfy both criteria and chose to elect early termination, AK Steel must provide two years advance notice of the termination. During the two-year notice period, AK Steel must continue to perform in full under the terms of the coke sales agreement and energy sales agreement. On January 28, 2019, AK Steel announced its intention to permanently close its Ashland Works Plant by the end of 2019. Were the Ashland Works Plant to permanently shut down, we believe AK Steel has not and would not satisfy the second criterion. No other coke sales agreement has an early termination clause.

While our steelmaking customers continue to operate in an environment that is challenged by global overcapacity, throughout 2018 they benefited from improved steel pricing, favorable trade policies, including U.S. steel tariffs signed into order during the first half of 2018, and solid end market demand. Imports of finished steel have decreased from 27 percent of U.S. steel consumption in 2017 to approximately 23 percent of U.S. steel consumption in 2018. U.S. Steel restarted both of the blast furnaces at its Granite City Works facility during 2018.

Logistics Operations

Our logistics business consists of Convent Marine Terminal (“CMT”), Kanawha River Terminal (“KRT”) and SunCoke Lake Terminal (“Lake Terminal”). CMT, located in Convent, Louisiana, is one of the largest export terminals on the U.S. Gulf Coast. CMT provides strategic access to seaborne markets for coal and other bulk materials. Supporting low-cost Illinois basin coal producers, the terminal provides loading and unloading services and has direct rail access and the current capability to transload 15 million tons annually due to its top of the line ship loader. The facility is supported by long-term contracts with volume commitments covering 10 million tons of its current capacity as well as 350 thousand liquid tons. The facility also serves other merchant business including aggregates (crushed stone) and petroleum coke. CMT's efficient barge unloading capabilities complement its rail and truck offerings and provide the terminal with the ability to transload and mix a significantly broader variety of materials, including coal, petroleum coke and other materials from barges at its dock. KRT is a leading metallurgical and thermal coal mixing and handling terminal service provider with collective capacity to mix and transload 25 million tons annually through its operations in Ceredo and Belle, West Virginia. Lake Terminal is located in East Chicago, Indiana and provides coal handling and mixing services to SunCoke's Indiana Harbor cokemaking operations.

Our logistics business has the collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has storage capacity of approximately 3 million tons. Our terminals act as intermediaries between our customers and end users by providing transloading and mixing services. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled but instead derive our revenue by providing handling and/or mixing services to our customers on a per ton basis. Revenues are recognized when services are provided as defined by customer contracts. See Note 14 to our consolidated financial statements for our revenue recognition policies. Logistics services provided to our and SunCoke's domestic cokemaking facilities are provided under contracts with terms equivalent to those of an arm's-length transactions.

The financial performance of our logistics business is substantially dependent upon a limited number of customers. Our CMT customers are impacted by seaborne export market dynamics. Fluctuations in the benchmark price for coal delivery into northwest Europe, as referenced in the Argus/McCloskey's Coal Price Index report ("API2 index price"), as well as Newcastle index coal prices, as referenced in the Argus/McCloskey's Coal Price Index report ("API5 index price"), which reflect high-ash coal prices shipped from Australia, contribute to our customers' decisions to place tons into the export market and thus impact transloading volumes through our terminal facility. Our KRT terminals serve two primary domestic markets, metallurgical coal trade and thermal coal trade. Metallurgical markets are primarily impacted by steel prices and blast furnace operating levels whereas thermal markets are impacted by natural gas prices and electricity demand.

Strong API2 and API5 index prices continued to provide attractive economics for Illinois Basin and Northern Appalachian coal producers during 2018, which resulted in record volumes at our CMT facility. In 2018, the Mississippi River experienced near-historic water levels, which adversely impacted our barge unloading and our vessel loading activities at CMT. At KRT, domestic metallurgical and thermal market conditions and volumes were favorable in 2018 compared to 2017 due to increased demand from steel and utility customers. However, KRT volumes were suppressed during 2018 by rail availability due to strong demand for dry bulk products in the export market.

Seasonality

Our revenues in our cokemaking business and much of our logistics business are tied to long-term, take-or-pay contracts, and as such, are not seasonal. However, our cokemaking profitability is tied to coal-to-coke yields, which improve in drier weather. Accordingly, the coal-to-coke yield component of our profitability tends to be more favorable in the third quarter. Extreme weather conditions may also challenge our operating costs and production in the winter months for our domestic coke business. KRT service demand fluctuates due to changes in the domestic electricity markets. Excessively hot summer weather or cold winter weather may increase commercial and residential needs for heat or air conditioning, which in turn may increase electricity usage and the demand for thermal coal and, therefore, may favorably impact our logistics business. Additionally, at CMT, service fluctuates with global thermal coal prices and end market demand. Activity is generally lower in the third quarter, typically due to lower European demand for heat. Operating costs at CMT are impacted by water levels on the Mississippi River, which are often higher in the spring months.

Raw Materials

Metallurgical coal is the principal raw material for our cokemaking operations. All of the metallurgical coal used to produce coke at our cokemaking facilities is purchased from third-parties. We believe there is an adequate supply of metallurgical coal available in the U.S. and worldwide, and we have been able to supply coal to our cokemaking facilities without any significant disruption in coke production.

Each ton of coke produced at our facilities requires approximately 1.4 tons of metallurgical coal. In 2018, we purchased approximately 3.4 million tons of metallurgical coal for our coke production. Coal is generally purchased on an annual basis via one-year contracts with costs passed through to our customers in accordance with the applicable coke sales agreements. Occasionally, shortfalls in deliveries by coal suppliers require us to procure supplemental coal volumes. As with typical annual purchases, the cost of these supplemental purchases is also generally passed through to our customers. In 2019, certain of our coal contracts contain an option to reduce our commitment by up to 15 percent at the Partnership's discretion. Most coal procurement decisions are made through a coal committee structure with customer participation. The customer can generally exercise an overriding vote on most coal procurement decisions.

Transportation and Freight

For inbound transportation of coal purchases, our cokemaking facilities have long-term transportation agreements and where necessary, coal-mixing agreements that run concurrently with the associated coke sales agreements. At our facilities with multiple transportation options, including rail and barge, we enter into short-term transportation contracts from year to year.

For coke sales, the point of delivery varies by agreement and facility. The point of delivery for coke sales from the Haverhill cokemaking facilities is generally designated by the customer and shipments are made by railcar under a long-term transportation agreement. All delivery costs are passed through to the customers. At the Middletown and Granite City cokemaking facilities, coke is delivered primarily by a conveyor belt leading to the customer's blast furnace. Most transportation and freight costs in our Logistics segment are paid by the customer directly to the transportation provider.

Research and Development and Intellectual Property and Proprietary Rights

As part of our omnibus agreement, 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 necessary to operate our business. SunCoke's research and development program seeks to improve existing and develop promising new cokemaking technologies and enhance our heat recovery processes. Over the years, this program has produced numerous patents related to heat recovery coking design and operation, including patents for pollution control systems, oven pushing and charging mechanisms, oven flue gas control mechanisms and various others.

Competition

Cokemaking

The cokemaking business is highly competitive. Most of the world's coke production capacity is owned by blast furnace steel companies utilizing by-product coke oven technology. The international merchant coke market is largely supplied by Chinese, Colombian and Ukrainian producers, among others, though it is difficult to maintain high quality coke in the export market, and when coupled with transportation costs, coke imports into the U.S. are often not economical.

The principal competitive factors affecting our cokemaking business include coke quality and price, reliability of supply, proximity to market, access to metallurgical coals and environmental performance. Our oven design and heat recovery technology play a role in all of these factors. Competitors include merchant coke producers as well as the cokemaking facilities owned and operated by blast furnace steel companies.

In the past, there have been technologies which have sought to produce carbonaceous substitutes for coke in the blast furnace. While none have proven commercially viable thus far, we monitor the development of competing technologies carefully. We also monitor ferrous technologies, such as direct reduced iron production ("DRI"), as these could indirectly impact our blast furnace customers.

We believe we are well-positioned to compete with other coke producers. Together with SunCoke, our Domestic Coke segment accounts for approximately 30 percent of the U.S. coke market capacity, excluding the capacity used to produce foundry coke. Current production from our cokemaking business is committed under long-term take-or-pay contracts. As a result, competition mainly affects our ability to obtain new contracts supporting development of additional cokemaking capacity, re-contracting existing facilities, as well as the sale of coke in the spot market. Our facilities were constructed using proven, industry-leading technology with many proprietary features allowing us to produce consistently higher quality coke than our competitors produce. Additionally, our technology allows us to produce heat that can be converted into steam or electrical power.

Logistics

The principal competitors of CMT are located on the U.S. Gulf Coast or U.S. East Coast. CMT is one of the largest export terminals on the U.S. Gulf Coast and provides strategic access to seaborne markets for coal and other industrial materials. Additionally, CMT is the largest bulk material terminal in the lower U.S. with direct rail access on the Canadian National Railway. In 2018, CMT accounted for approximately 47 percent of U.S. thermal coal exports from the U.S. Gulf Coast and approximately 20 percent of total U.S. thermal coal exports. CMT has a state-of-the-art ship loader, which is the largest of its kind in the world. We believe this ship loader has the fastest loading rate available in the Gulf Region and should allow our customers to benefit from lower shipping costs. Additionally, CMT has a strategic alliance with a company that performs barge unloading services for the terminal, which provides CMT with the ability to transload and mix a significantly broader variety of materials.

Our KRT competitors are generally located within 100 miles of our operations. KRT has fully automated and computer-controlled mixing capabilities that mix coal to within two percent accuracy of customer specifications. KRT also has the ability to provide pad storage and has access to both CSX and Norfolk Southern rail lines as well as the Ohio River system.

Lake Terminal provides coal handling and/or mixing services to SunCoke's Indiana Harbor cokemaking facility and therefore, does not have any competitors.

Employees

We are managed and operated by the officers of our general partner. Our operating personnel are employees of our operating subsidiaries. Our operating subsidiaries had approximately 545 employees at December 31, 2018. Approximately 43 percent of our operating subsidiaries' employees are represented by the United Steelworkers union. Additionally, approximately 5 percent are represented by the International Union of Operating Engineers. The labor agreements at KRT, Lake Terminal and Haverhill will expire on April 30, 2019, June 30, 2019 and November 1, 2019, respectively. We will negotiate the renewal of these agreements in 2019 and do not anticipate any work stoppages.

Safety

We are committed to maintaining a safe work environment and ensuring environmental compliance across all of our operations, as the health and safety of our employees and the communities in which we operate are paramount. We employ practices and conduct training to help ensure that our employees work safely. Furthermore, we utilize processes for managing and monitoring safety and environmental performance.

We have consistently operated within the top quartiles for the U.S. Occupational Safety and Health Administration’s ("OSHA") recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute.

Legal and Regulatory Requirements

The following discussion summarizes the principal legal and regulatory requirements that we believe may significantly affect us.

Permitting and Bonding

- **Permitting Process for Cokemaking Facilities.** The permitting process for our cokemaking facilities is administered by the individual states. However, the main requirements for obtaining environmental construction and operating permits are found in the federal regulations. Once all requirements are satisfied, a state or local agency produces an initial draft permit. Generally, the facility reviews and comments on the initial draft. After accepting or rejecting the facility’s comments, the agency typically publishes a notice regarding the issuance of the draft permit and makes the permit and supporting documents available for public review and comment. A public hearing may be scheduled, and the EPA also has the opportunity to comment on the draft permit. The state or local agency responds to comments on the draft permit and may make revisions before a final construction permit is issued. A construction permit allows construction and commencement of operations of the facility and is generally valid for at least 18 months. Generally, construction commences during this period, while many states allow this period to be extended in certain situations. A facility's operating permit may be a state operating permit or a Title V operating permit.
- **Air Quality.** Our cokemaking facilities employ MACT standards designed to limit emissions of certain hazardous air pollutants. Specific MACT standards apply to door leaks, charging, oven pressure, pushing and quenching. Certain MACT standards for new cokemaking facilities were developed using test data from SunCoke's Jewell cokemaking facility located in Vansant, Virginia. Under applicable federal air quality regulations, permitting requirements may differ among facilities, depending upon whether the cokemaking facility will be located in an “attainment” area—i.e., one that meets the national ambient air quality standards (“NAAQS”) for certain pollutants, or in a “non-attainment” or "unclassifiable" area. The status of an area may change over time as new NAAQS standards are adopted, resulting in an area change from one status or classification to another. In an attainment area, the facility must install air pollution control equipment or employ BACT. In a non-attainment area, the facility must install air pollution control equipment or employ procedures that meet LAER standards. LAER standards are the most stringent emission limitation achieved in practice by existing facilities. Unlike the BACT analysis, cost is generally not considered as part of a LAER analysis, and emissions in a non-attainment area must be offset by emission reductions obtained from other sources.

- Stringent NAAQS for ambient nitrogen dioxide and sulfur dioxide went into effect in 2010. In July 2013, the EPA identified or "designated" as non-attainment 29 areas in 16 states where monitored air quality showed violations of the 2010 1-hour SO2 NAAQS. In August 2015, the EPA finalized a new rulemaking to assist in implementation of the primary 1-hour SO2 NAAQS that requires either additional monitoring, or modeling of ambient air SO2 levels in various areas including where certain of our facilities are located. By July 2016, states subject to this rulemaking were required to provide the EPA with either a modeling approach using existing emissions data, or a plan to undertake ambient air monitoring for SO2 to begin in 2017. For states that choose to install ambient air SO2 monitoring stations, after three years of data has been collected, or sometime in 2020, the EPA will evaluate this data relative to the appropriate attainment designation for the areas under the 1-hour SO2 NAAQS. For states that chose to model, designations were made by December 2017. This rulemaking required certain of our facilities to undertake this ambient air monitoring or modeling. In December 2017, EPA issued a final designation of attainment or unclassifiable for all areas where our facilities are located. These designations mean that no future action is required for the facilities with respect to SO2 emissions at this time. However, legal challenges to these designations are possible. If redesignated, we may be required to install additional pollution controls and incur greater costs of operating at those of our facilities located in areas that EPA determines to be non-attainment with the 1-hour SO2 NAAQS based on its evaluation of this data. In 2012, a NAAQS for fine particulate matter, or PM 2.5, went into effect. In January 2015, the area where the Granite City facility is located were designated unclassifiable for PM 2.5, and the area where the Haverhill facilities are located were designated unclassifiable/attainment for PM 2.5. In April 2015, the area where the Middletown facility is located was designated unclassifiable/attainment for PM 2.5. In November 2015, the EPA revised the existing NAAQS for ground level ozone to make the standard more stringent. In January 2018, EPA designated the area where the Haverhill facility is located as attainment/unclassifiable for ozone. In June 2018, EPA designated the areas where the Granite City and Middletown facilities are located as marginal nonattainment for ozone. Nonattainment designations under the new standards and any future more stringent standard for ozone have two impacts on permitting: (1) demonstrating compliance with the standard using dispersion modeling from a new facility will be more difficult; and (2) facilities operating in areas that become non-attainment areas due to the application of new standards may be required to install Reasonably Available Control Technology ("RACT"). A number of states have filed or joined suits to challenge the EPA's new standard in court. While we are not able to determine the extent to which this new standard will impact our business at this time, it does have the potential to have a material impact on our operations and cost structure.
- The EPA adopted a rule in 2010 requiring a new facility that is a major source of greenhouse gases ("GHGs") to install equipment or employ BACT procedures. Currently, there is little information on what may be acceptable as BACT to control GHGs (primarily carbon dioxide from our facilities), but the database and additional guidance may be enhanced in the future.
- Several states have additional requirements and standards other than those in the federal statutes and regulations. Many states have lists of "air toxics" with emission limitations determined by dispersion modeling. States also often have specific regulations that deal with visible emissions, odors and nuisance. In some cases, the state delegates some or all of these functions to local agencies.

- **Wastewater and Stormwater.** Our heat recovery cokemaking technology does not produce wastewater as is typically associated with by-product cokemaking. Our cokemaking facilities, in some cases, have wastewater discharge and stormwater permits.
- **Waste.** The primary solid waste product from our heat recovery cokemaking technology is calcium sulfate from flue gas desulfurization, which is generally taken to a solid waste landfill. The solid material from periodic cleaning of heat recovery steam generators has been disposed of as hazardous waste. On the whole, our heat recovery cokemaking process does not generate substantial quantities of hazardous waste.
- **U.S. Endangered Species Act.** The U.S. Endangered Species Act and certain counterpart state regulations are intended to protect species whose populations allow for categorization as either endangered or threatened. With respect to permitting additional cokemaking facilities, protection of endangered or threatened species may have the effect of prohibiting, limiting the extent of or placing permitting conditions on soil removal, road building and other activities in areas containing the affected species. Based on the species that have been designated as endangered or threatened on our properties and the current application of these laws and regulations, we do not believe that they are likely to have a material adverse effect on our operations.

- **Permitting Process for Certain Coal Terminals.** Certain coal terminal operations in West Virginia and Kentucky have state-issued surface mining permits. The permit application process is initiated by collecting baseline data to adequately characterize, assess and model the pre-terminal environmental condition of the permit area, including soil and rock structures, cultural resources, soils, surface and ground water hydrology, and existing use. The permit application includes the coal terminal operations plan and reclamation plan, documents defining ownership and agreements pertaining to coal, minerals, oil and gas, water rights, rights of way and surface land and documents required by the Office of Surface Mining Reclamation and Enforcement's ("OSM's") Applicant Violator System. Once a permit application is submitted to the regulatory agency, it goes through a completeness and technical review before a public notice and comment period. Regulatory authorities have considerable discretion in the timing of the permit issuance and the public has the right to comment on and otherwise engage in the permitting process, including through public hearings and intervention in the courts. SMCRA mine permits also take a significant period of time to be transferred.
- **Bonding Requirements for Coal Terminals with Surface Mining Permits.** Before a surface mining permit is issued in West Virginia, a mine operator must submit a bond or other form of financial security to guarantee the payment and performance of certain long-term mine closure and reclamation obligations. The costs of these bonds or other forms of financial security have fluctuated in recent years and the market terms of surety bonds related to surface mining permits generally have become less favorable to terminal operators and others with such permits. These and other changes in the terms of such bonds have been accompanied, at times, by a decrease in the number of companies willing to issue surety bonds. As of December 31, 2018 , we have posted $0.3 million in surety bonds for our West Virginia and Louisiana coal terminal operations.

Regulation of Operations

- **Clean Air Act.** The Clean Air Act and similar state laws and regulations affect our cokemaking operations, primarily through permitting and/or emissions control requirements relating to particulate matter ("PM") and sulfur dioxide ("SO2") and MACT standards. The Clean Air Act air emissions programs that may affect our operations, directly or indirectly, include, but are not limited to: the Acid Rain Program; NAAQS implementation for SO2, PM and nitrogen oxides ("NOx"), lead ozone and carbon monoxide; GHG rules; the Clean Air Interstate Rule; MACT emissions limits for hazardous air pollutants; the Regional Haze Program; New Source Performance Standards ("NSPS"); and New Source Review. The Clean Air Act requires, among other things, the regulation of hazardous air pollutants through the development and promulgation of various industry-specific MACT standards. Our cokemaking facilities are subject to two categories of MACT standards. The first category applies to pushing and quenching. The second category applies to emissions from charging and coke oven doors. The EPA is required to make a risk-based determination for pushing and quenching emissions and determine whether additional emissions reductions are necessary. In 2016, EPA issued a request for information and testing to our cokemaking facilities and other companies as part of its residual risk and technology review of the MACT standard for pushing and quenching, and a technology review of the MACT standard for coke ovens and charging emissions. Testing was conducted by our cokemaking facilities in 2017, but the EPA has yet to publish or propose any residual risk standards; therefore, the impact of potential additional EPA regulation in this area cannot be estimated at this time.
- **Terminal Operations.** Our terminal operations located along waterways and the Gulf of Mexico are also governed by permitting requirements under the CWA and CAA. These terminals are subject to U.S. Coast Guard regulations and comparable state statutes regarding design, installation, construction, and management. Many such terminals owned and operated by other entities that are also used to transport coal and petcoke, including for export, have been pursued by environmental interest groups for alleged violations of their permits' requirements, or have seen their efforts to obtain or renew such permits contested by such groups. While we believe that our operations are in material compliance with these permits, it is possible that such challenges or claims will be made against our operations in the future. Moreover, our terminal operations may be affected by the impacts of additional regulation on petcoke or on the mining of all types of coal and use of thermal coal for fuel, which is restricting supply in some markets and may reduce the volumes of coal that our terminals manage.
- **Federal Energy Regulatory Commission.** The Federal Energy Regulatory Commission ("FERC") regulates the sales of electricity from our Haverhill and Middletown facilities, including the implementation of the Federal Power Act ("FPA") and the Public Utility Regulatory Policies Act of 1978 ("PURPA"). The nature of the operations of the Haverhill and Middletown facilities makes each facility a qualifying facility under PURPA, which exempts the facilities and the Partnership from certain regulatory burdens, including the Public Utility Holding Company Act of 2005 ("PUHCA"), limited provisions of the FPA, and certain state laws and

regulation. FERC has granted requests for authority to sell electricity from the Haverhill and Middletown facilities at market-based rates and the entities are subject to FERC's market-based rate regulations, which require regular regulatory compliance filings.

- **Clean Water Act of 1972.** Although our cokemaking facilities generally do not have water discharge permits, the Clean Water Act ("CWA") may affect our operations by requiring water quality standards generally and through the National Pollutant Discharge Elimination System ("NPDES"). Regular monitoring, reporting requirements and performance standards are requirements of NPDES permits that govern the discharge of pollutants into water. Discharges must either meet state water quality standards or be authorized through available regulatory processes such as alternate standards or variances. Additionally, through the CWA Section 401 certification program, states have approval authority over federal permits or licenses that might result in a discharge to their waters. Similarly, for permitting or any future water intake and/or discharge projects, our facilities could be subject to the Army Corps of Engineers Section 404 permitting process.
- **Resource Conservation and Recovery Act.** We may generate wastes, including "solid" wastes and "hazardous" wastes that are subject to the Resource Conservation and Recovery Act ("RCRA") and comparable state statutes, although certain mining and mineral beneficiation wastes and certain wastes derived from the combustion of coal currently are exempt from regulation as hazardous wastes under RCRA. The EPA has limited the disposal options for certain wastes that are designated as hazardous wastes under RCRA. Furthermore, it is possible that certain wastes generated by our operations that currently are exempt from regulation as hazardous wastes may in the future be designated as hazardous wastes, and therefore be subject to more rigorous and costly management, disposal and clean-up requirements. Certain of our wastes are also subject to Department of Transportation regulations for shipping of materials.
- **Climate Change Legislation and Regulations.** Our facilities are presently subject to the GHG reporting rule, which obligates us to report annual emissions of GHGs. The EPA also finalized a rule in 2010 requiring a new facility that is a major source of GHGs to install equipment or employ BACT procedures. In 2014, the Supreme Court issued an opinion holding that although EPA may not treat GHGs as a pollutant for the purpose of determining whether a source must obtain a PSD or Title V permit, EPA may continue to require GHG limitations in permits for sources classified as major based on their emission of other pollutants. Currently there is little information as to what may constitute BACT for GHG in most industries. Under this rule, certain modifications to our facilities could subject us to the additional permitting and other obligations relative to emissions of GHGs under the New Source Review/Prevention of Significant Deterioration ("NSR/PSD") and Title V programs of the Clean Air Act based on whether the facility triggered NSR/PSD because of emissions of another pollutant such as SO2, NOx, PM, ozone or lead. The EPA has engaged in rulemaking to regulate GHG emissions from existing and new coal fired power plants, and we expect continued legal challenges to this rulemaking and any future rulemaking for other industries. For instance, in August 2015, the EPA issued its final Clean Power Plan rules establishing carbon pollution standards for power plants. In February 2016, the U.S. Supreme Court granted a stay of the implementation of the Clean Power Plan before the U.S. Court of Appeals for the District of Columbia ("D.C. Circuit") issued a decision on the rule. By its terms, this stay will remain in effect throughout the pendency of the appeals process including at the D.C. Circuit and the Supreme Court through any certiorari petition that may be granted. In October 2017, the EPA proposed to repeal the Clean Power Plan ("CPP") although the final outcome of this proposal and the pending litigation regarding the CPP is uncertain at this time. In connection with this proposed repeal, EPA issued an Advanced Notice of Proposed Rulemaking ("ANPRM") in December 2017 regarding emission guidelines to limit GHG emissions from existing electric utility generating units. The ANPRM seeks comment regarding what the EPA should include in a potential new, existing source regulation of GHG emissions under the Clean Air Act that the EPA may propose. On October 9, 2018, the U.S. Supreme Court rejected any further challenges to the decision to repeal the Clean Power Plan. Although EPA proposed the Affordable Clean Energy ("ACE") rule as a replacement for the CPP in August 2018, the ACE rule has not yet been finalized.

  Currently, we do not anticipate these new or existing power plan GHG rules to impact our facilities. However, the impact current and future GHG-related legislation and regulations have on us will depend on a number of factors, including whether GHG sources in multiple sectors of the economy are regulated, the overall GHG emissions cap level, the degree to which GHG offsets are allowed, the allocation of emission allowances to specific sources decisions by states regarding the sources that will be subject to any implementing programs they may adopt and the indirect impact of carbon regulation on coal prices. We may not recover the costs related to compliance with regulatory requirements imposed on us from our customers due to limitations in our agreements. The imposition of a carbon tax or similar regulation could materially and adversely affect our

revenues. Collectively, these requirements along with restrictions and requirements regarding the mining of all types of coal may reduce the volumes of coal that we manage and may ultimately adversely impact our customers. Depending on whether another rule is promulgated in the future, it could increase the demand for natural gas-generated electricity.

- **Mine Improvement and New Emergency Response Act of 2006.** The Mine Improvement and New Emergency Response Act of 2006 (the "Miner Act"), has increased significantly the enforcement of safety and health standards and imposed safety and health standards on all aspects of mining operations. There also has been a significant increase in the dollar penalties assessed for citations issued.
- **Safety.** Our facilities are subject to regulation by the Occupational Safety and Health Administration (OSHA) of the United States Department of Labor and other agencies with standards designed to ensure worker safety. As noted above, we have consistently operated within the top quartiles for OSHA's recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute.
- **Security.** CMT is subject to regulation by the U.S. Coast Guard pursuant to the Maritime Transportation Security Act. We have an internal inspection program designed to monitor and ensure compliance by CMT with these requirements. We believe that we are in material compliance with all applicable laws and regulations regarding the security of the facility.

Reclamation and Remediation

- **Comprehensive Environmental Response, Compensation, and Liability Act.** Under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as Superfund, and similar state laws, responsibility for the entire cost of clean-up of a contaminated site, as well as natural resource damages, can be imposed upon current or former site owners or operators, or upon any party who released one or more designated "hazardous substances" at the site, regardless of the lawfulness of the original activities that led to the contamination. In the course of our operations we may have generated and may generate wastes that fall within CERCLA's definition of hazardous substances. We also may be an owner or operator of facilities at which hazardous substances have been released by previous owners or operators. Under CERCLA, we may be responsible for all or part of the costs of cleaning up facilities at which such substances have been released and for natural resource damages. We also must comply with reporting requirements under the Emergency Planning and Community Right-to-Know Act and the Toxic Substances Control Act.

Environmental Matters and Compliance

Our failure to comply with the aforementioned requirements may result in the assessment of administrative, civil and criminal penalties, the imposition of clean-up and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our operations. The EPA and state regulators have issued Notices of Violations ("NOVs") for the Haverhill and Granite City cokemaking facilities which stem from alleged violations of air operating permits for these facilities. SunCoke is working in a cooperative manner with the EPA and Ohio Environmental Protection Agency to address the allegations and has entered into a consent decree in federal district court with these parties. The consent decree includes an approximately $2.2 million civil penalty payment that was paid by SunCoke in December 2014, as well as capital projects underway to improve the reliability of the energy recovery systems and enhance environmental performance at the Haverhill and Granite City facilities. We retained an aggregate of $119 million in proceeds from our initial public offering and subsequent dropdowns to comply with the expected terms of a consent decree at the Haverhill and Granite City cokemaking operations. SunCoke and the Partnership anticipate spending approximately $150 million to comply with these environmental remediation projects. Pursuant to the omnibus agreement, any amounts that we spend on these projects in excess of the $119 million will be reimbursed by SunCoke. Prior to our formation, SunCoke spent approximately $7 million related to these projects. The Partnership has spent approximately $131 million to date and expects to spend the remaining capital through the first half of 2019. SunCoke has reimbursed the Partnership approximately $20 million for the estimated additional spending beyond what has previously been funded.

Many other legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial and tax disputes, product liability, antitrust, employment claims, natural resource damage claims, premises-liability claims, allegations of exposures of third-parties to toxic substances and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Our management believes that any liabilities that may arise from such matters would not be material in relation to our business or our consolidated financial position, results of operations or cash flows at December 31, 2018
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Under the terms of the omnibus agreement, SunCoke will indemnify us for certain environmental remediation projects costs. Please read “Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence—Agreements Entered Into with Affiliates in Connection with our Initial Public Offering—Omnibus Agreement.”

IRS Final Regulations on Qualifying Income

Section 7704 of the Internal Revenue Code (the "Code") provides that a publicly-traded partnership will be treated as a corporation for federal income tax purposes. However, if 90 percent or more of a partnership’s gross income for every taxable year it is publicly-traded consists of “qualifying income,” the publicly-traded partnership may continue to be treated as a partnership for federal income tax purposes.

At the time of our initial public offering, in January 2013, we believed, and received a legal opinion to the effect, that income from our cokemaking operations would be treated as generating qualifying income under the Code. The Partnership and counsel believed at the time that this view was based on the correct interpretation of the Code and the legislative history of the relevant Code section, and since that time continued to believe that income from its cokemaking operations is qualifying income.

On January 19, 2017, the Treasury Department and the Internal Revenue Service ("IRS") issued qualifying income regulations (the "Final Regulations") on the treatment of income from natural resource activities of publicly traded partnerships as qualifying income for purposes of the Code. The Final Regulations were published in the Federal Register on January 24, 2017, and apply to taxable years beginning after January 19, 2017. Under the Final Regulations, the Partnership’s cokemaking operations have been excluded from the definition of activities that generate qualifying income.

The Final Regulations provide that if a partnership’s income from non-qualifying operations “was qualifying income under the statute as reasonably interpreted,” then that partnership will have a transition period ending on the last day of the partnership’s taxable year that included the date that is ten years after the date the Final Regulations are published in the Federal Register (i.e., December 31, 2027), during which it can treat income from such activities as qualifying income. After conferring with outside counsel, the Partnership is of the view that its interpretation was reasonable in concluding that the Partnership’s income from cokemaking was qualifying income, and that the Partnership will benefit from the ten-year transition period. Subsequent to the transition period, certain cokemaking entities in the Partnership will become taxable as corporations. Also see “Part I. Item 1A. Risk Factors" and Note 6 to the consolidated financial statements.

The present federal income tax treatment of publicly traded partnerships, including the Partnership, or an investment in its common units, may be modified by administrative, legislative or judicial interpretation at any time. Any modification to the federal income tax laws and interpretations thereof may or may not be applied retroactively. Moreover, any such modification could make it more difficult or impossible for the Partnership to meet the exception which allows publicly traded partnerships that generate qualifying income to be treated as partnerships (rather than corporations) for U.S. federal income tax purposes, affect or cause us to change our business activities, or affect the tax consequences of an investment in its common units. For example, as discussed above, on January 24, 2017, Final Regulations were published in the Federal Register and apply to taxable years beginning on or after January 19, 2017. The Final Regulations will likely affect the ability of partnerships to continue to qualify as a publicly traded partnership.

Available Information

We make available free of charge, through our website, www.suncoke.com , our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after we electronically file or furnish such material with the Securities and Exchange Commission, or SEC. These documents are also available at the SEC’s website at www.sec.gov . Our website also includes our Code of Business Conduct and Ethics, our Governance Guidelines, our Related Persons Transaction Policy and the charters of our Audit Committee and conflicts committee.

A copy of any of these documents will be provided without charge upon written request to Investor Relations, SunCoke Energy Partners, L.P., 1011 Warrenville Road, Suite 600, Lisle, Illinois 60532.

Item 1A. Risk Factors

In addition to the other information included in this Annual Report on Form 10-K, the following risk factors should be considered in evaluating our business and future prospects. These risk factors represent what we believe to be the known material risk factors with respect to us and our business. Our business, operating results, cash flows and financial condition are subject to these risks and uncertainties, any of which could cause actual results to vary materially from recent results or from anticipated future results.

These risks are not the only risks we face. Additional risks and uncertainties not currently known to us, or that we currently deem to be immaterial also may materially and adversely affect our business, financial condition, or results of operations.

Risk Related to the Simplification Transaction

The proposed Simplification Transaction is subject to conditions, including some conditions that may not be satisfied on a timely basis, if at all. Failure to complete the Simplification Transaction, or significant delays in completing the Simplification Transaction, could negatively affect each party's future business and financial results and the trading prices of our common units and SunCoke's common stock.

Completion of the proposed Simplification Transaction is subject to a number of conditions, including approval of (i) the Merger Agreement by SunCoke's common stockholders and (ii) the issuance of the SunCoke's common stock to be used as merger consideration, which make the completion and timing of the consummation of the Simplification Transaction uncertain. Also, either the Partnership or SunCoke may terminate the Merger Agreement if the Simplification Transaction has not been completed by September 30, 2019, except that this termination right will not be available to any party whose failure to perform any obligation under the Merger Agreement has been the principal cause of, or resulted in, the failure of the proposed Simplification Transaction to be consummated by such date.

Completion of the proposed Simplification Transaction is not assured and is subject to several risks and uncertainties, including the risk that the required approvals may not obtained , or even if obtained, still may not result in successful completion of the Simplification Transaction. In addition, the proposed Simplification Transaction is subject to a number of conditions, some of which are beyond the parties' control, that, if not satisfied or waived, may prevent, delay or otherwise result in the proposed Simplification Transaction not occurring.

If the proposed Simplification Transaction is not completed, or if there are significant delays in completing the proposed Simplification Transaction, the Partnership's and SunCoke's future business and financial results and the trading prices of our common units and SunCoke's common stock could be negatively affected, and each of the parties will be subject to several risks, including the following:

- the parties may be liable for fees or expenses to one another under the terms and conditions of the Merger Agreement;
- there may be negative reactions from the financial markets due to the fact that current prices of our common units and SunCoke's common stock may reflect a market assumption that the proposed Simplification Transaction will be completed; and
- the attention of management will have been diverted to the proposed Simplification Transaction rather than their own operations and pursuit of other opportunities that could have been beneficial to their respective businesses.

The Partnership and SunCoke are subject to business uncertainties and contractual restrictions while the proposed Simplification Transaction is pending, which could adversely affect each party's business and operations.

In connection with the pendency of the proposed Simplification Transaction, it is possible that some customers and other persons with whom we or SunCoke have business relationships may delay or defer certain business decisions as a result of the Simplification Transaction, which could negatively affect our and SunCoke's respective revenues, earnings and cash flow, as well as the market price of our common units and/or SunCoke's common stock, regardless of whether the proposed Simplification Transaction is eventually completed. Under the terms of the Merger Agreement, the Partnership and SunCoke are each subject to certain restrictions on the conduct of its business prior to completing the Simplification Transaction, which may adversely affect the ability to execute certain business strategies including, in some cases , the ability to enter into contracts, acquire or dispose of assets, incur indebtedness, or incur capital expenditures. Such limitations could affect each party's businesses and operations negatively prior to the completion of the proposed Simplification Transaction.

Because the exchange ratio is fixed and because the market price of SunCoke's common stock will fluctuate prior to the completion of the proposed Simplification Transaction, our unaffiliated common unitholders cannot be sure of the market value of the SunCoke common stock they will receive as Simplification Transaction consideration relative to the value of our common units they exchange.

The market value of the consideration that our unaffiliated common unitholders actually receive in the proposed Simplification Transaction will depend on the trading price of SunCoke's common stock at the closing of the proposed Simplification Transaction. The exchange ratio that determines the number of shares of SunCoke's common stock that our unaffiliated common unitholders will receive in the proposed Simplification Transaction is fixed at 1.40 shares of SunCoke's common stock for each common unit of the Partnership. There is no mechanism contained in the Merger Agreement, or otherwise, to adjust the number of shares of SunCoke's common stock that our unaffiliated common unitholders will receive based upon any decrease or increase in the trading price of SunCoke's common stock. Stock or unit price changes may result from a variety of factors, many of which are beyond our and SunCoke's control, including:

- changes in our or SunCoke's business, operations and prospects;
- changes in market assessments of our or SunCoke's business, operations and prospects;
- changes in market assessments of the likelihood that the proposed Simplification Transaction will be completed;
- interest rates, commodity prices, general market, industry and economic conditions and other factors generally affecting the price of our common units or SunCoke's common stock; and
- federal, state and local legislation, governmental regulation and legal developments in the businesses in which we and SunCoke operate.

If the price of SunCoke's common stock at the closing of the proposed Simplification Transaction is less than the price of SunCoke's common stock on the date that the Merger Agreement was signed, then the market value of the merger consideration will be less than contemplated at the time the Merger Agreement was signed.

The date our unaffiliated common unitholders will receive the merger consideration depends on the completion date of the proposed Simplification Transaction, which is uncertain.

Completion of the proposed Simplification Transaction is subject to several conditions, not all of which are controllable by us or SunCoke. Accordingly, even if the proposed Simplification Transaction is approved by our common unitholders and SunCoke's common stockholders, the date on which our unaffiliated common unitholders will receive the merger consideration depends upon the completion date of the proposed Simplification Transaction, which is uncertain and subject to several other closing conditions.

We and SunCoke may incur transaction-related costs in connection with the proposed Simplification Transaction.

We and SunCoke each expect to incur a number of non-recurring transaction-related costs associated with completing the proposed Simplification Transaction, combining the operations of the two companies and attempting to achieve desired synergies. Non-recurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees, proxy solicitation costs and printing costs. Many of the expenses that will be incurred are, by their nature, difficult to estimate accurately at the present time .

Certain executive officers and directors of our general partner have interests in the proposed Simplification Transaction that are different from, or in addition to, the interests they may have as our unaffiliated common unitholders, which could influence their decision to support or approve the proposed Simplification Transaction.

Certain executive officers and/or directors of our general partner own equity interests in SunCoke, receive fees and other compensation from SunCoke and will have rights to ongoing indemnification and insurance coverage by the surviving company that give them interests in the proposed Simplification Transaction that may be different from, or in addition to, the interests of an unaffiliated unitholder of the Partnership. Additionally, certain of our general partner's executive officers and director beneficially own Partnership common units and will receive the applicable merger consideration upon completion of the proposed Simplification Transaction, receive fees and other compensation from us and are entitled to indemnification arrangements with us that give them interests in the proposed Simplification Transaction that may be different from, or in addition to, the interests of our unaffiliated stockholders.

Financial projections by us and SunCoke may not prove to be reflective of actual future results.

In connection with the proposed Simplification Transaction, we and SunCoke have prepared and considered, among other things, internal financial forecasts for the Partnership and SunCoke, respectively . These forecasts speak only as of the date made and will not be updated. These financial projections were not provided with a view to public disclosure, are subject to significant economic, competitive, industry and other uncertainties and may not be achieved in full, at all or within projected time frames. In addition, the failure of SunCoke's businesses to achieve projected results could have a material adverse effect on SunCoke's share price, financial position and ability to institute or maintain a dividend on its stock following the proposed Simplification Transaction.

We and SunCoke may be unable to obtain the regulatory clearances required to complete the proposed Simplification Transaction or, in order to do so, we and SunCoke may be required to comply with material restrictions or satisfy material conditions.

The closing of the proposed Simplification Transaction is subject to the condition precedent that there is no law, injunction, judgment or ruling by a governmental authority in effect enjoining, restraining, preventing or prohibiting the consummation of the transactions contemplated by the Merger Agreement, or making the consummation of the transactions contemplated by the Merger Agreement illegal. Additionally, one or more state attorneys general could seek to block or challenge the proposed Simplification Transaction as they deem necessary or desirable in the public interest at any time, including after completion of the transaction. In addition, under certain circumstances, a third party could initiate a private action challenging or seeking to enjoin the proposed Simplification Transaction, before or after it is completed. We may not prevail and could incur significant costs in defending or settling any such action.

Shares of SunCoke's common stock to be received by our unaffiliated common unitholders as a result of the proposed Simplification Transaction have different rights from our common units.

Following completion of the proposed Simplification Transaction, our unaffiliated common unitholders no longer will hold our common units, but instead will be stockholders of SunCoke. There are important differences between the rights of our unaffiliated common unitholders and the rights of SunCoke's stockholders. Ownership interests in a limited partnership are fundamentally different from ownership interests in a corporation. Our unaffiliated common unitholders will own SunCoke common stock following the completion of the proposed Simplification Transaction, and their rights associated with the common stock will be governed by SunCoke's organizational documents and the Delaware General Corporation Law, which differ in a number of respects from our partnership agreement and the Limited Partnership Act of the State of Delaware.

Litigation filed against us and/or SunCoke could prevent or delay the consummation of the Simplification Transaction or result in the payment of damages following completion of the Simplification Transaction.

Following announcement of the proposed Simplification Transaction, purported Partnership unitholders may file putative unitholder class action lawsuits against us, our general partner, and the general partner's Board of Directors, among others. Among other remedies, the plaintiffs may seek to enjoin the transactions contemplated by the merger agreement. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, such lawsuits could prevent or delay completion of the Simplification Transaction and result in substantial costs to us and/or SunCoke, including costs associated with indemnification. Additional lawsuits may be filed against us, SunCoke or our respective officers or directors in connection with the Simplification Transaction. The defense or settlement of any lawsuit or claim that remains unresolved at the time the Simplification Transaction is consummated may adversely affect the business, financial condition, results of operations and cash flows of the combined organization.

Risks Inherent in Our Business and Industry

Sustained uncertainty in financial markets, or unfavorable economic conditions in the industries in which our customers operate, may lead to a reduction in the demand for our products and services, and adversely impact our cash flows, financial position or results of operations, and therefore may limit our ability to make cash distributions to unitholders.

Sustained volatility and disruption in worldwide capital and credit markets in the U.S. and globally could restrict our ability to access the capital market at a time when we would like, or need, to raise capital for our business including for potential acquisitions, or other growth opportunities.

Deteriorating or unfavorable economic conditions in the industries in which our customers operate, such as steelmaking and electric power generation, may lead to reduced demand for steel products, coal, and other bulk

commodities which, in turn, could adversely affect the demand for our products and services and negatively impact the revenues, margins and profitability of our business.

Additionally, the tightening of credit, or lack of credit availability to our customers, could adversely affect our ability to collect our trade receivables. We also are exposed to the credit risk of our coke and logistics customers, and any significant unanticipated deterioration of their creditworthiness and resulting increase in nonpayment or nonperformance by them could have a material adverse effect on the cash flows and/or results of our operations.

Adverse developments at our cokemaking and/or logistics operations, including equipment failures or deterioration of assets, may lead to production curtailments, shutdowns, impairments, or additional expenditures, which could have a material adverse effect on our results of operations, and therefore may limit our ability to make cash distributions to unitholders.

Our cokemaking and logistics operations are subject to significant hazards and risks that include, but are not limited to, equipment malfunction, explosions, fires and the effects of severe weather conditions and extreme temperatures, any of which could result in production and transportation difficulties and disruptions, permit non-compliance, pollution, personal injury or wrongful death claims and other damage to our properties and the property of others.

Adverse developments at our cokemaking facilities could significantly disrupt our coke, steam and/or electricity production and our ability to supply coke, steam, and/or electricity to our customers. Adverse developments at our logistics operations could significantly disrupt our ability to provide handling, mixing, storage, terminalling, transloading and/or transportation services, of coal and other dry and liquid bulk commodities, to our customers. Any sustained disruption at our cokemaking and/or logistics operations could have a material adverse effect on our results of operations.

There is a risk of mechanical failure of our equipment both in the normal course of operations and following unforeseen events. Our cokemaking and logistics operations depend upon critical pieces of equipment that occasionally may be out of service for scheduled upgrades or maintenance or as a result of unanticipated failures. Our facilities are subject to equipment failures and the risk of catastrophic loss due to unanticipated events such as fires, accidents or violent weather conditions or extreme temperatures. As a result, we may experience interruptions in our processing and production capabilities, which could have a material adverse effect on our results of operations and financial condition. In particular, to the extent a disruption leads to our failure to maintain the temperature inside our coke oven batteries, we may not be able to maintain the integrity of the ovens or to continue operation of such coke ovens, which could adversely affect our ability to meet our customers' requirements for coke and, in some cases, electricity and/or steam.

Assets and equipment critical to the operations of our cokemaking and logistics operations also may deteriorate or become depleted materially sooner than we currently estimate. Such deterioration of assets may result in additional maintenance spending or additional capital expenditures. If these assets do not generate the amount of future cash flows that we expect, and we are not able to execute on capital maintenance or procure replacement assets in an economically feasible manner, our future results of operations may be materially and adversely affected.

Impairment in the carrying value of long-lived assets and goodwill could adversely affect our business and results of operations.

We have a significant amount of long-lived assets and goodwill on our Consolidated Balance Sheets. Under generally accepted accounting principles, long-lived assets must be reviewed for impairment whenever adverse events or changes in circumstances indicate a possible impairment. We are required to perform impairment tests on our assets whenever events or changes in circumstances lead to a reduction of the estimated useful life or estimated future cash flows that would indicate that the carrying amount may not be recoverable or whenever management's plans change with respect to those assets.

If business conditions or other factors cause profitability and cash flows to decline, we may be required to record non-cash impairment charges. Goodwill must be evaluated for impairment annually or more frequently if events indicate it is warranted. If the carrying value of our reporting units exceeds their current fair value as determined based on the discounted future cash flows of the related business, the goodwill is considered impaired and is reduced to fair value by a non-cash charge to earnings.

Events and conditions that could result in impairment in the value of our long-lived assets and goodwill include: the impact of a downturn in the global economy, competition, advances in technology, adverse changes in the regulatory environment, and other factors leading to a reduction in expected long-term sales or profitability, or a significant decline in the trading price of our common stock or market capitalization, lower future cash flows, slower industry growth rates and other changes in the industries in which we or our customers operate.

The financial performance of our cokemaking and logistics businesses is substantially dependent upon a limited number of customers, and the loss of these customers, or any failure by them to perform under their contracts with us, could materially and adversely affect our financial condition, permit compliance, results of operations and cash flows, and therefore may limit our ability to make cash distributions to unitholders.

Substantially all of our coke sales currently are made pursuant to long-term contracts with AM USA, U.S. Steel and AK Steel, and we expect these three customers to continue to account for a significant portion of our revenues for the foreseeable future. In our logistics business, a significant portion of our revenues and cash flows are derived from long-term contracts with Foresight Energy LLC and Murray American Coal, Inc. at CMT, and we expect these two customers to continue to account for a significant portion of the revenues of our logistics business for the foreseeable future.

We are subject to the credit risk of our major customers and other parties. If we fail to adequately assess the creditworthiness of existing or future customers or unanticipated deterioration of their creditworthiness, any resulting increase in nonpayment or nonperformance by them could have a material adverse effect on our cash flows, financial position or results of operations. During periods of weak demand for steel or coal, our customers may experience significant reductions in their operations, or substantial declines in the prices of the steel, or coal products, they sell. These and other factors such as labor relations or bankruptcy filings may lead certain of our customers to seek renegotiation or cancellation of their existing contractual commitments to us, or reduce their utilization of our services,

The loss of any of these customers (or financial difficulties at any of these customers, which result in nonpayment or nonperformance) could have a significant adverse effect on our business. If one or more of these customers were to significantly reduce its purchases of coke or logistics services from us without a make-whole payment, or default on their agreements with us, or terminate or fail to renew their agreements with us, or if we were unable to sell such coke or logistics services to these customers on terms as favorable to us as the terms under our current agreements, our cash flows, financial position, permit compliance, or results of operations could be materially and adversely affected.

Our cokemaking and logistics businesses are subject to operating risks, some of which are beyond our control, that could result in a material increase in our operating expenses, and therefore may limit our ability to make cash distributions to unitholders.

Factors beyond our control could disrupt our cokemaking and 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;
- fire, explosion, or other major incident causing injury to personnel and/or equipment, that causes a cessation, or significant curtailment, of all or part of our cokemaking or logics operations at a site for a period of time;
- processing and plant equipment failures, operating hazards and unexpected maintenance problems affecting our cokemaking or logistics operations, or our customers;
- adverse weather and natural disasters, such as severe winds, heavy rains or snow, flooding, extreme temperatures and other natural events affecting our cokemaking or logistics operations, transportation, or our customers; and
- possible legal challenges to the renewal of key permits, which may lead to their renewal on terms that restrict our cokemaking or logistics operations, or impose additional costs on us.

If any of these conditions or events occur, our cokemaking or logistics operations may be disrupted, operating costs could increase significantly, and we could incur substantial losses. Such disruptions in our operations could materially and adversely affect our financial condition, or results of operations.

We face competition, both in our cokemaking operations and in our logistics business, which has the potential to reduce demand for our products and services, and that could have an adverse effect on our results of operations, and therefore may limit our ability to make cash distributions to unitholders.

We face competition, both in our cokemaking operations and in our logistics business:

- Cokemaking operations : Historically, coke has been used as a main input in the production of steel in blast furnaces. However, some blast furnace operators have relied upon natural gas, pulverized coal, and/or other coke substitutes. Many steelmakers also are exploring alternatives to blast furnace technology that require less or no use of coke. For example, electric arc furnace technology is a commercially proven process widely

used in the U.S. As these alternative processes for production of steel become more widespread, the demand for coke, including the coke we produce, may be significantly reduced. We also face competition from alternative cokemaking technologies, including both by-product and heat recovery technologies other than our own. As these technologies improve and as new technologies are developed, competition in the cokemaking industry may intensify. As alternative processes for production of steel become more widespread, the demand for coke, including the coke we produce, may be significantly reduced.

- Logistics business : Decreased throughput and utilization of our logistics assets could result indirectly due to competition in the electrical power generation business from abundant and relatively inexpensive supplies of natural gas displacing thermal coal as a fuel for electrical power generation by utility companies. In addition, competition in the steel industry from processes such as electric arc furnaces, or blast furnace injection of pulverized coal or natural gas, may reduce the demand for metallurgical coals processed through our logistics facilities. In the future, additional coal handling facilities and terminals with rail and/or barge access may be constructed in the Eastern U.S. Such additional facilities could compete directly with us in specific markets now served by our logistics business. Certain coal mining companies and independent terminal operators in some areas may compete directly with our logistics facilities. In some markets, trucks may competitively deliver mined coal to certain shorter-haul destinations, resulting in reduced utilization of existing terminal capacity.

Such competition could reduce demand for our products and services, thus having a material and adverse effect on our results of operations.

We are subject to extensive laws and regulations, which may increase our cost of doing business and have an adverse effect on our cash flows, financial position or results of operations, and therefore may limit our ability to make cash distributions to unitholders.

Our operations are subject to strict regulation by federal, state and local authorities with respect to: discharges of substances into the air and water; emissions of greenhouse gases, or GHG, compliance with the NAAQS, management and disposal of hazardous substances and wastes, cleanup of contaminated sites, protection of groundwater quality and availability, protection of plants and wildlife, reclamation and restoration of properties after completion of mining or drilling, installation of safety equipment in our facilities, sales of electric power, and protection of employee health and safety. Complying with these and other regulatory requirements, including the terms of our permits, can be costly and time-consuming, and may hinder operations. In addition, these requirements are complex, change frequently and have become more stringent over time. Regulatory requirements may change in the future in a manner that could result in substantially increased capital, operating and compliance costs, and could have a material adverse effect on our business.

Failure to comply with applicable laws, regulations or permits may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could cause delays in permitting or development of projects or materially limit, or increase the cost of, our operations. We may not have been, or may not be, at all times, in complete compliance with all such requirements, and we may incur material costs or liabilities in connection with such requirements, or in connection with remediation at sites we own, or third-party sites where it has been alleged that we have liability, in excess of the amounts we have accrued. For a description of certain environmental laws and matters applicable to us, see “Item 1. Business-Legal and Regulatory Requirements.”

We may be unable to obtain, maintain or renew permits or leases necessary for our operations, which could materially reduce our production, cash flows or profitability, and therefore may limit our ability to make cash distributions to unitholders.

Our cokemaking and logistics operations require us to obtain a number of permits that impose strict regulations on various environmental and operational matters. These, as well as our facilities and operations (including our generation of electricity), require permits issued by various federal, state and local agencies and regulatory bodies. The permitting rules, and the interpretations of these rules, are complex, change frequently, and are often subject to discretionary interpretations by our regulators, all of which may make compliance more difficult or impractical, and may possibly preclude the continuance of ongoing operations or the development of future cokemaking and/or logistics facilities. Non-governmental organizations, environmental groups and individuals have certain rights to engage in the permitting process, and may comment upon, or object to, the requested permits. Such persons also have the right to bring citizen’s lawsuits to challenge the issuance of permits, or the validity of environmental impact statements related thereto. If any permits or leases are not issued or renewed in a timely fashion or at all, or if permits issued or renewed are conditioned in a manner that restricts our ability to efficiently and economically conduct our operations, our cash flows or profitability could be materially and adversely affected.

We may incur costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations, and such costs and liabilities could have a material and adverse effect on our financial condition or results of operations, and therefore may limit our ability to make cash distributions to unitholders.

Our success depends, in part, on the quality, efficacy and safety of our products and services. If our operations do not meet applicable safety standards, or our products or services are found to be unsafe, our relationships with customers could suffer and we could lose business or become subject to liability or claims. In addition, our cokemaking and logistics operations have inherent safety risks that may give rise to events resulting in death, injury, or property loss to employees, customers, or unaffiliated third parties. Depending upon the nature and severity of such events, we could be exposed to significant financial loss, reputational damage, potential civil or criminal government or other regulatory enforcement actions, or private litigation, the settlement or outcome of which could have a material and adverse effect on our financial condition or results of operations.

Our businesses are subject to inherent risks, some for which we maintain third party insurance and some for which we self-insure. We may incur losses and be subject to liability claims that could have a material adverse effect on our financial condition, results of operations or cash flows, and therefore may limit our ability to make cash distributions to unitholders.

We are currently covered by insurance policies maintained by our sponsor and we currently maintain our own directors' and officers' liability insurance policy. These insurance policies provide limited coverage for some, but not all, of the potential risks and liabilities associated with our businesses. For some risks, we may not obtain insurance or be covered by our sponsor's policies if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. As a result, we and our sponsor may not be able to renew our or its existing insurance policies or procure other desirable insurance on commercially reasonable terms, if at all. In addition, certain risks, such as certain environmental and pollution risks, and certain cybersecurity risks, generally are not fully insurable. Even where insurance coverage applies, insurers may contest their obligations to make payments. Further, with the exception of directors' and officers' liability, for which we maintain our own insurance policy, our coverage under our sponsor's insurance policies is our sole source of insurance for risks related to our business. Our sponsor's insurance coverage may not be adequate to cover us against losses we incur and coverage under these policies may be depleted or may not be available to us to the extent that our sponsor exhausts the coverage limits. Our financial condition, results of operations and cash flows and, therefore, our ability to distribute cash to unitholders, could be materially and adversely affected by losses and liabilities from un-insured or under-insured events, as well as by delays in the payment of insurance proceeds, or the failure by insurers to make payments.

We also may incur costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations. We must compensate employees for work-related injuries. If we do not make adequate provision for our workers' compensation liabilities, it could harm our future operating results. If we are required to pay for these sanctions, costs and liabilities, our operations and therefore our ability to distribute cash to unitholders could be adversely affected.

Divestitures and other significant transactions may adversely affect our business. In particular, if we are unable to realize the anticipated benefits from such transactions, or are unable to conclude such transactions upon favorable terms, our financial condition, results of operations or cash flows could be adversely affected.

We regularly review strategic opportunities to further our business objectives, and may eliminate assets that do not meet our return-on-investment criteria. If we are unable to complete such divestitures or other transactions upon favorable terms, or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations or cash flows could be adversely affected.

The anticipated benefits of divestitures and other strategic transactions may not be realized, or may be realized more slowly than we expected. Such transactions also could result in a number of financial consequences having a material effect on our results of operations and our financial position, including reduced cash balances; higher fixed expenses; the incurrence of debt and contingent liabilities (including indemnification obligations); restructuring charges; loss of customers, suppliers, distributors, licensors or employees; legal, accounting and advisory fees; and impairment charges.

We may not be able to successfully implement our growth strategies or plans, and we may experience significant risks associated with future acquisitions and/or investments. If we are unable to execute our strategic plans, whether as a result of unfavorable market conditions in the industries in which our customers operate, or otherwise, our future results of operations could be materially and adversely affected.

A portion of our strategy to grow our business is dependent upon our ability to acquire and operate new assets that result in an increase in our earnings per share. We may not derive the financial returns we expect on our investment in such additional assets or such operations may not be profitable. We cannot predict the effect that any failed expansion may have on our core businesses. The success of our future acquisitions and/or investments will depend substantially on the accuracy of our analysis concerning such businesses and our ability to complete such acquisitions or investments on favorable terms, as well as to finance such acquisitions or investments and to integrate the acquired operations successfully with existing operations. Antitrust and other laws may prevent us from completing acquisitions. If we are not able to execute our strategic plans effectively, or successfully integrate new operations, whether as a result of unfavorable market conditions in the industries in which our customers operate, or otherwise, our business reputation could suffer and future results of operations could be materially and adversely affected.

Risks associated with acquisitions include the diversion of management's attention from other business concerns, the potential loss of key employees and customers of the acquired business, the possible assumption of unknown liabilities, potential disputes with the sellers, and the inherent risks in entering markets or lines of business in which we have limited or no prior experience. Additionally, in the event we form joint ventures or other similar arrangements, we must pay close attention to the organizational formalities and time-consuming procedures for sharing information and making decisions. We may share ownership and management with other parties who may not have the same goals, strategies, priorities, or resources as we do. The benefits from a successful investment in an existing entity or joint venture will be shared among the co-owners, so we will not receive the exclusive benefits from a successful investment. Additionally, if a co-owner changes, our relationship may be materially and adversely affected.

Security breaches and other information systems failures could disrupt our operations, compromise the integrity of our data, expose us to liability, cause increased expenses and cause our reputation to suffer, any or all of which could have a material and adverse effect on our business or financial position.

Our business is dependent on financial, accounting and other data processing systems and other communications and information systems, including our enterprise resource planning tools. We process a large number of transactions on a daily basis and rely upon the proper functioning of computer systems. If a key system were to fail or experience unscheduled downtime for any reason, our operations and financial results could be affected adversely. Our systems could be damaged or interrupted by a security breach, terrorist attack, fire, flood, power loss, telecommunications failure or similar event. Our disaster recovery plans may not entirely prevent delays or other complications that could arise from an information systems failure. Our business interruption insurance may not compensate us adequately for losses that may occur.

In the ordinary course of our business, we collect and store sensitive data in our data centers, on our networks, and in our cloud vendors. In addition, we rely on third party service providers, for support of our information technology systems, including the maintenance and integrity of proprietary business information and other confidential company information and data relating to customers, suppliers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. We have instituted data security measures for confidential company information and data stored on electronic and computing devices, whether owned or leased by us or a third party vendor. However, despite such measures, there are risks associated with customer, vendor, and other third-party access and our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to: employee error or malfeasance, failure of third parties to meet contractual, regulatory and other obligations to us, or other disruptions.

Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations, and damage our reputation, which could materially and adversely affect our business and financial position.

We are exposed to, and may be adversely affected by, interruptions to our computer and information technology systems and sophisticated cyber-attacks.

We rely on our information technology systems and networks in connection with many of our business activities. Some of these networks and systems are managed by third-party service providers and are not under our direct control. Our operations routinely involve receiving, storing, processing and transmitting sensitive information pertaining to our

business, customers, dealers, suppliers, employees and other sensitive matters. Cyber-attacks could materially disrupt operational systems; result in loss of trade secrets or other proprietary or competitively sensitive information; compromise personally identifiable information regarding customers or employees; and jeopardize the security of our facilities. A cyber-attack could be caused by malicious outsiders using sophisticated methods to circumvent firewalls, encryption and other security defenses. Because techniques used to obtain unauthorized access or to sabotage systems change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Information technology security threats, including security breaches, computer malware and other cyber-attacks are increasing in both frequency and sophistication and could create financial liability, subject us to legal or regulatory sanctions or damage our reputation with customers, dealers, suppliers and other stakeholders. We continuously seek to maintain a robust program of information security and controls, but a cyber-attack could have a material adverse effect on our competitive position, reputation, results of operations, financial condition and cash flows. As cyber-attacks continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities.

We are or may become subject to privacy and data protection laws, rules and directives relating to the processing of personal data in the countries where we operate.

The growth of cyber-attacks has resulted in an evolving legal landscape which imposes costs that are likely to increase over time. For example, new laws and regulations governing data privacy and the unauthorized disclosure of confidential information, including the European Union General Data Protection Regulation and recent California legislation (which, among other things, provides for a private right of action), pose increasingly complex compliance challenges and could potentially elevate our costs over time. Any failure by us to comply with such laws and regulations could result in penalties and liabilities. It is also possible under certain legislation that if we acquire a company that has violated or is not in compliance with applicable data protection laws, we may incur significant liabilities and penalties as a result.

Our operating results have been and may continue to be affected by fluctuations in our costs of production, and, if we cannot pass increases in our costs of production to our customers, our financial condition, results of operations and cash flows may be negatively affected.

Our operations require a reliable supply of equipment, replacement parts and metallurgical coal. If the cost to produce coke and provide logistics services, including cost of supplies, equipment, metallurgical coal, labor, experience significant price inflation, and we cannot pass such increases in our costs of production to our customers, our profit margins may be reduced and our financial condition, results of operations and cash flows may be adversely affected.

Labor disputes with the unionized portion of our workforce could affect us adversely. Union represented labor creates an increased risk of work stoppages and higher labor costs, which could reduce revenues and therefore limit our ability to make cash distributions to unitholders.

We rely, at one or more of our facilities, on unionized labor, and there is always the possibility that we may be unable to reach agreement on terms and conditions of employment or renewal of a collective bargaining agreement. When collective bargaining agreements expire or terminate, we may not be able to negotiate new agreements on the same or more favorable terms as the current agreements, or at all, and without production interruptions, including labor stoppages. If we are unable to negotiate the renewal of a collective bargaining agreement before its expiration date, our operations and our profitability could be adversely affected. A prolonged labor dispute, which may include a work stoppage, could adversely affect our ability to satisfy our customers' orders and, as a result, adversely affect our operations, or the stability of production and reduce our future revenues, or profitability, as well as our ability to pay cash distributions to our unitholders. It is also possible that, in the future, additional employee groups may choose to be represented by a labor union.

Our ability to operate our company effectively could be impaired if we fail to attract and retain key personnel.

We have implemented recruitment, training and retention efforts to optimally staff our operations. Our ability to operate our business and implement our strategies depends in part on the efforts of our executive officers and other key employees. In addition, our future success will depend on, among other factors, our ability to attract and retain other qualified personnel. The loss of the services of any of our executive officers or other key employees or the inability to attract or retain other qualified personnel in the future could have a material adverse effect on our business or business prospects. With respect to our represented employees, we may be adversely impacted by the loss of employees who retire or obtain other employment during a layoff or a work stoppage.

We currently are, and likely will be, subject to litigation, the disposition of which could have a material adverse effect on our cash flows, financial position or results of operations.

The nature of our operations exposes us to possible litigation claims in the future, including disputes relating to our operations and commercial and contractual arrangements. Although we make every effort to avoid litigation, these matters are not totally within our control. We will contest these matters vigorously and have made insurance claims where appropriate, but because of the uncertain nature of litigation and coverage decisions, we cannot predict the outcome of these matters. Litigation is very costly, and the costs associated with prosecuting and defending litigation matters could have a material adverse effect on our financial condition and profitability. In addition, our profitability or cash flow in a particular period could be affected by an adverse ruling in any litigation currently pending in the courts or by litigation that may be filed against us in the future. We are also subject to significant environmental and other government regulation, which sometimes results in various administrative proceedings. For additional information, see "Item 3. Legal Proceedings."

Risks Related to Our Indebtedness

We face material debt maturities which may adversely affect our consolidated financial position.

Over the next five years, we have approximately $115.1 million of total consolidated debt maturing (See Note 11 to the consolidated financial statements). We may not be able to refinance this debt, or may be forced to do so on terms substantially less favorable than our currently outstanding debt. We may be forced to delay or not make capital expenditures, which may adversely affect our competitive position and financial results.

Our indebtedness could adversely affect our financial condition and prevent us from fulfilling our obligations under outstanding notes and credit facilities.

Subject to the limits contained in our credit agreements, the indenture that governs our outstanding notes, and our other debt instruments, we may be able to incur additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our level of debt could intensify. Specifically, a higher level of debt could have important consequences, including:

- making it more difficult for us to satisfy our obligations with respect to the notes and our other debt;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for the payment of dividends, working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the credit facilities, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a competitive disadvantage to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the indenture that governs our outstanding notes and the credit agreement governing our credit facilities contain restrictive covenants that limit our ability to engage in activities (such as incurring additional debt) that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under the credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. From time to time, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility.

Our credit facilities and the indenture governing our senior notes each contains restrictions and financial covenants that may restrict our business and financing activities.

Our credit facilities and the indenture governing our senior notes contain, and any other future financing agreements that we may enter into will likely contain, operating and financial restrictions and covenants that may restrict our ability to finance future operations or capital needs, to engage in, expand or pursue our business activities or to make distributions to our unitholders.

Our ability to comply with any such restrictions and covenants is uncertain and will be affected by the levels of cash flow from our operations and events or circumstances beyond our control. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. If we violate any of the restrictions, covenants, ratios or tests in our credit facilities or the indenture, a significant portion of our indebtedness may become immediately due and payable and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments.

Restrictions in the agreements governing our indebtedness and other factors could limit our ability to make distributions to our unitholders.

The indenture governing the senior notes and our credit facilities prohibit us from making distributions to unitholders if certain defaults exist, subject to certain exceptions. In addition, both the indenture and the credit facilities contain additional restrictions limiting our ability to pay distributions to unitholders. Accordingly, we may be restricted by our debt agreements from distributing all of our available cash to our unitholders. Please read "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources." Declaration and payment of future distributions to unitholders will depend upon several factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of such distributions, and such other considerations that the Board of Directors of our general partner deems relevant.

Our level of indebtedness may increase, reducing our financial flexibility.

In the future, we may incur significant indebtedness in order to make future acquisitions or to develop or expand our facilities. Our level of indebtedness could affect our operations in several ways, including the following:

- a significant portion of our cash flows could be used to service our indebtedness;
- a high level of debt would increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements governing our outstanding indebtedness will limit our ability to borrow additional funds, dispose of assets, pay distributions and make certain investments;
- a high level of debt may place us at a competitive disadvantage compared to our competitors that are less leveraged, and therefore may be able to take advantage of opportunities that our indebtedness would prevent us from pursuing;
- our debt covenants may also affect our flexibility in planning for, and reacting to, changes in the economy and our industry; and
- a high level of debt may impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, distributions or for general corporate or other purposes.

A high level of indebtedness increases the risk that we may default on our debt obligations. Our ability to meet our debt obligations and to reduce our level of indebtedness depends on our future performance. General economic conditions and financial, business and other factors affect our operations and our future performance. Many of these factors are beyond our control. We may not be able to generate sufficient cash flows to pay the interest on our debt, and future working capital, borrowings or equity financing may not be available to pay or refinance such debt. Factors that will affect our ability to raise cash through an offering of our units or a refinancing of our debt include financial market conditions, the value of our assets and our performance at the time we need capital.

Rating agencies may downgrade our credit ratings, which would make it more difficult for us to raise capital and would increase our financing costs.

Any downgrades in our credit ratings may make raising capital more difficult, may increase the cost and affect the terms of future borrowings, may affect the terms under which we purchase goods and services and may limit our ability to take advantage of potential business opportunities.

Risks Related to Our Cokemaking Business

If a substantial portion of our agreements to supply coke, electricity, and/or steam are modified or terminated, our results of operations may be adversely affected if we are not able to replace such agreements, or if we are not able to enter into new agreements at the same level of profitability.

We make substantially all of our coke, electricity and steam sales under long-term agreements. If a substantial portion of these agreements are modified or terminated or if force majeure is exercised, our results of operations may be adversely affected if we are not able to replace such agreements, or if we are not able to enter into new agreements at the same level of profitability. The profitability of our long-term coke, energy and steam sales agreements depends on a variety of factors that vary from agreement to agreement and fluctuate during the agreement term. We may not be able to obtain long-term agreements at favorable prices, compared either to market conditions or to our cost structure. Price changes provided in long-term supply agreements may not reflect actual increases in production costs. As a result, such cost increases may reduce profit margins on our long-term coke and energy sales agreements. In addition, contractual provisions for adjustment or renegotiation of prices and other provisions may increase our exposure to short-term price volatility.

From time to time, we discuss the extension of existing agreements and enter into new long-term agreements for the supply of coke, steam, and energy to our customers, but these negotiations may not be successful and these customers may not continue to purchase coke, steam, or electricity from us under long-term agreements. In addition, declarations of bankruptcy by customers can result in changes in our contracts with less favorable terms. If any one or more of these customers were to become financially distressed and unable to pay us, significantly reduce their purchases of coke, steam, or electricity from us, or if we were unable to sell coke or electricity to them on terms as favorable to us as the terms under our current agreements, our cash flows, financial position, permit compliance, or results of operations may be materially and adversely affected.

Further, because of certain technological design constraints, we do not have the ability to shut down our cokemaking operations if we do not have adequate customer demand. If a customer refuses to take or pay for our coke, we must continue to operate our coke ovens even though we may not be able to sell our coke immediately and may incur significant additional costs for natural gas to maintain the temperature inside our coke oven batteries and fees under our rail contracts to account for reductions in inbound coal or outbound coke shipments at our plants, which may have a material and adverse effect on our cash flows, financial position or results of operations.

The coke sales agreement and the energy sales agreement with AK Steel at our Haverhill II facility are subject to early termination under certain circumstances and any such termination coupled with our inability to market the coke at similar prices could adversely affect our financial position.

The coke sales agreement and the energy sales agreement with AK Steel at our Haverhill II facility are subject to early termination by AK Steel upon satisfaction of two criteria. The Haverhill coke sales agreement with AK Steel expires on December 31, 2021. The Haverhill energy sales agreement with AK Steel runs concurrently with the term of the coke sales agreement, including any renewals, and automatically terminates upon the termination of the related coke sales agreement. Since January 1, 2014, the coke sales agreement may be terminated by AK Steel at any time on or after upon two years prior written notice, if AK Steel (i) permanently shuts down operation of the iron producing portion at its steel mill in Ashland, Kentucky (the Ashland Works Plant) and (ii) has not acquired or begun construction of a new blast furnace in the U.S. to replace, in whole or in part, the Ashland Works Plant's iron production capacity. If AK Steel were able to satisfy both criteria and chose to elect early termination, AK Steel must provide two years advance notice of the termination. During the two year notice period, AK Steel must continue to perform in full under the terms of the coke sales agreement and energy sales agreement. On January 28, 2019, AK Steel announced its intention to permanently close its Ashland Works Plant by the end of 2019. Were the Ashland Works Plant to permanently shut down, we believe AK Steel has not and would not satisfy the second criterion.

If AK Steel were to terminate the coke sales agreement and we were unable to enter into similar long-term contracts with replacement customers for the coke previously purchased by AK Steel, then we may be forced to sell some or all of the previously contracted coke in the spot market.

Excess capacity in the global steel industry, and/or increased exports of coke from producing countries, may weaken our customers' demand for our coke and could materially and adversely affect our future revenues and profitability.

In some countries steelmaking capacity exceeds demand for steel products. Rather than reducing employment by matching production capacity to consumption, steel manufacturers in these countries (often with local government assistance or subsidies in various forms) may export steel at prices that are significantly below their home market prices

and that may not reflect their costs of production or capital. Our steelmaking customers, may decrease the prices they charge for steel, or take other action, as the supply of steel increases. The profitability and financial position of our steelmaking customers may be adversely affected, causing such customers to reduce their demand for our coke and making it more likely that they may seek to renegotiate their contracts with us or fail to pay for the coke they are required to take under our contracts. In addition, future increases in exports of coke from China and/or other coke-producing countries also may reduce our customers' demand for coke capacity. Such reduced demand for our coke could adversely affect the certainty of our long-term relationships with our customers depress coke prices, and limit our ability to enter into new, or renew existing, commercial arrangements with our customers, as well as our ability to sell excess capacity in the spot market, and could materially and adversely affect our future revenues and profitability.

Certain provisions in our long-term coke agreements may result in economic penalties to us, or may result in termination of our coke sales agreements for failure to meet minimum volume requirements or other required specifications, and certain provisions in these agreements and our energy sales agreements may permit our customers to suspend performance.

Our agreements for the supply of coke, energy and/or steam, contain provisions requiring us to supply minimum volumes of our products to our customers. To the extent we do not meet these minimum volumes, we are generally required under the terms of our coke sales agreements to procure replacement supply to our customers at the applicable contract price or potentially be subject to cover damages for any shortfall. If future shortfalls occur, we will work with our customer to identify possible other supply sources while we implement operating improvements at the facility, but we may not be successful in identifying alternative supplies and may be subject to paying the contract price for any shortfall or to cover damages, either of which could adversely affect our future revenues and profitability. Our coke sales agreements also contain provisions requiring us to deliver coke that meets certain quality thresholds. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or termination of our agreements.

Our coke and energy sales agreements contain force majeure provisions allowing temporary suspension of performance by our customers for the duration of specified events beyond the control of our customers. Declaration of force majeure, coupled with a lengthy suspension of performance under one or more coke or energy sales agreements, may seriously and adversely affect our cash flows, financial position and results of operations.

To the extent we do not meet coal-to-coke yield standards in our coke sales agreements, we are responsible for the cost of the excess coal used in the cokemaking process, which could adversely impact our results of operations and profitability.

Our ability to pass through our coal costs to our customers under our coke sales agreements is generally subject to our ability to meet some form of coal-to-coke yield standard. To the extent that we do not meet the yield standard in the contract, we are responsible for the cost of the excess coal used in the cokemaking process. We may not be able to meet the yield standards at all times, and as a result we may suffer lower margins on our coke sales and our results of operations and profitability could be adversely affected.

Failure to maintain effective quality control systems at our cokemaking facilities could have a material adverse effect on our results of operations.

The quality of our coke is critical to the success of our business. For instance, our coke sales agreements contain provisions requiring us to deliver coke that meets certain quality thresholds. If our coke fails to meet such specifications, we could be subject to significant contractual damages or contract terminations, and our sales could be negatively affected. The quality of our coke depends significantly on the effectiveness of our quality control systems, which, in turn, depends on a number of factors, including the design of our quality control systems, our quality-training program, our laboratories and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control systems could have a material adverse effect on our results of operations.

Disruptions to our supply of coal and coal mixing services may reduce the amount of coke we produce and deliver, and if we are not able to cover the shortfall in coal supply or obtain replacement mixing services from other providers, our results of operations and profitability could be adversely affected.

Substantially all of the metallurgical coal used to produce coke at our cokemaking facilities, is purchased from third-parties under one-year contracts. We cannot assure that there will continue to be an ample supply of metallurgical coal available or that these facilities will be supplied without any significant disruption in coke production, as economic, environmental, and other conditions outside of our control may reduce our ability to source sufficient amounts of coal for our forecasted operational needs. If we are not able to make up the shortfalls resulting from such supply failures through

purchases of coal from other sources, the failure of our coal suppliers to meet their supply commitments could materially and adversely impact our results of operations and, ultimately, impact the structural integrity of our coke oven batteries.

At our Granite City and Haverhill cokemaking facilities, we rely on third-parties to mix coals that we have purchased into coal mixes that we use to produce coke. We have entered into long-term agreements with coal mixing service providers that are coterminous with our coke sales agreements. However, there are limited alternative providers of coal mixing services and any disruptions from our current service providers could materially and adversely impact our results of operations. In addition, if our rail transportation agreements are terminated, we may have to pay higher rates to access rail lines or make alternative transportation arrangements.

Limitations on the availability and reliability of transportation, and increases in transportation costs, particularly rail systems, could materially and adversely affect our ability to obtain a supply of coal and deliver coke to our customers.

Our ability to obtain coal depends primarily on third-party rail systems and to a lesser extent river barges. If we are unable to obtain rail or other transportation services, or are unable to do so on a cost-effective basis, our results of operations could be adversely affected. Alternative transportation and delivery systems are generally inadequate and not suitable to handle the quantity of our shipments or to ensure timely delivery. The loss of access to rail capacity could create temporary disruption until the access is restored, significantly impairing our ability to receive coal and resulting in materially decreased revenues. Our ability to open new cokemaking facilities may also be affected by the availability and cost of rail or other transportation systems available for servicing these facilities.

Our arrangements with AM USA at the Haverhill cokemaking facility require us to deliver coke to AM USA via railcar. We have entered into long-term rail transportation agreements to meet these obligations. Disruption of these transportation services because of weather-related problems, mechanical difficulties, train derailments, infrastructure damage, strikes, lock-outs, lack of fuel or maintenance items, fuel costs, transportation delays, accidents, terrorism, domestic catastrophe or other events could temporarily, or over the long-term, impair our ability to produce coke, and therefore, could materially and adversely affect our business and results of operations.

If we are unable to effectively protect our intellectual property, third parties may use our technology, which would impair our ability to compete in our markets.

Our future success will depend in part on our ability to obtain and maintain meaningful patent protection for certain of our technologies and products throughout the world. The degree of future protection for our proprietary rights is uncertain. We rely on patents to protect a significant part our intellectual property portfolio and to enhance our competitive position. However, our presently pending or future patent applications may not issue as patents, and any patent previously issued to us or our subsidiaries may be challenged, invalidated, held unenforceable or circumvented. Furthermore, the claims in patents that have been issued to us or our subsidiaries or that may be issued to us in the future may not be sufficiently broad to prevent third parties from using cokemaking technologies and heat recovery processes similar to ours. In addition, the laws of various foreign countries in which we plan to compete may not protect our intellectual property to the same extent as do the laws of the United States. If we fail to obtain adequate patent protection for our proprietary technology, our ability to be commercially competitive may be materially impaired.

Risks Related to Our Logistics Business

The growth and success of our 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 logistics business adversely. As a consequence, the operating results and cash flows of our logistics business could be materially and adversely affected.

The financial results of our 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 mixing, terminalling and transloading services we offer, thus reducing throughput and utilization of our logistics assets. Demand for such coals may fluctuate due to factors beyond our control:

- Thermal coal demand : may be impacted by changes in the energy consumption pattern of industrial consumers, electricity generators and residential users, as well as weather conditions and extreme temperatures. 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. For example, over the past few years, production of natural gas in the U.S. has increased dramatically, which has resulted in lower natural-gas prices. As a result of sustained low natural gas prices, coal-fuel generation plants have been displaced by natural-gas fueled generation plants. In addition,

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

- Metallurgical coal demand : 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 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 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 logistics business may decline unless we are able to secure new volumes of coal, or other dry bulk products, by attracting additional customers to these operations. Future growth and profitability of our logistics business segment will depend, in part, upon whether we can contract for additional coal and other bulk commodity volumes at a rate greater than that of any decline in volumes from existing customers. Accordingly, decreased demand for coal, or other bulk commodities, or a decrease in the market price of coal, or other bulk commodities, could have a material adverse effect on the results of operations or financial condition of our logistics business.

The geographic location of the Convent Marine Terminal could expose us to potential significant liabilities, including operational hazards and unforeseen business interruptions, that could substantially and adversely affect our future financial performance.

CMT is located in the Gulf Coast region, and its operations are subject to operational hazards and unforeseen interruptions, including interruptions from hurricanes or floods, which have historically impacted the region with some regularity. If any of these events were to occur, we could incur substantial losses because of personal injury or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations.

Risks Inherent in an Investment in Us

We may not generate sufficient earnings from operations to enable us to pay quarterly distributions to unitholders.

The amount we decide to distribute on our common units depends upon our liquidity and other considerations, which will fluctuate from quarter to quarter based on the following factors, some of which are beyond our control:

- severe financial hardship or bankruptcy of one or more of our major customers, or the occurrence of other events affecting our ability to collect payments from our customers, including our customers' default;
- volatility and cyclical downturns in the steel industry and other industries in which our customers and/or suppliers operate;
- the exercise by AK Steel of its early termination rights under its coke sales agreement and its energy sales agreement at the Haverhill facility;
- our sponsor's inability to perform under the omnibus agreement;
- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking operations and/or our logistics business, and in the operations of our major customers, business partners and/or suppliers;
- the cost of environmental remediation projects at our cokemaking operations and our logistics facilities;

- 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;
- our ability to enter into new, or renew existing, long-term agreements for the supply of coke to domestic steel producers under terms similar to, or more favorable than, those currently in place;
- our ability to enter into new, or renew existing, agreements for the sale of steam and electricity generated by our facilities under terms similar to, or more favorable than, those currently in place;
- our ability to enter into new, or renew existing, agreements for coal handling, mixing, storage, terminalling, transloading and/or transportation services at our logistics facilities, under terms similar to, or more favorable than, those currently in place;
- changes in the marketplace that may adversely affect the supply of, and demand for, our coke and/or our logistics services, including increased exports of coke from other countries and increasing competition from alternative steelmaking and cokemaking technologies that have the potential to reduce or eliminate the use of coke;
- our relationships with, and other conditions affecting, our customers and/or suppliers;
- changes in levels of production, production capacity, pricing and/or margins for coke and/or coal;
- our ability to secure new coal supply and/or logistics agreements or to renew existing agreements;
- variation in availability, quality and supply of metallurgical coal used in the cokemaking process, including as a result of nonperformance by our suppliers;
- effects of railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- cost of labor and other risks related to employees and workplace safety;
- 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 and extreme temperatures);
- changes in product specifications for the coke that we produce, or the coals that we mix;
- changes in credit terms required by our suppliers;
- changes in insurance markets and the level, types and costs of coverage available, and the financial ability of our insurers to meet their obligations;
- changes in, or new, statutes, regulations or governmental policies by federal, state and local authorities with respect to protection of the environment;
- changes in, or new, statutes, regulations or governmental policies by federal authorities with respect to the sale of electric energy from the Haverhill and Middletown facilities;
- proposed or final changes in accounting and/or tax methodologies, laws, regulations, rules, or policies, or their interpretations, including those affecting inventories, leases, equity compensation, income, or other matters;
- changes in tax laws or their interpretations, including the adoption of proposed rules governing whether a partnership such as ours would be treated as a corporation for federal income tax purposes;
- nonperformance or force majeure by, or disputes with or changes in contract terms with, major customers, suppliers, dealers, distributors or other business partners; and
- changes in, or new, statutes, regulations, governmental policies and taxes, or their interpretations.

In addition, the actual amount of cash we will have available for distribution will depend on other factors, some of which are beyond our control, including:

- the level of capital expenditures we make;
- the cost of acquisitions;

- our debt service requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in debt agreements to which we are a party; and
- the amount of cash reserves established by our general partner.

Our sponsor owns and controls our general partner, which has sole responsibility for conducting our business and managing our operations. Our general partner and its affiliates, including our sponsor, have conflicts of interest with us and may favor their own interests to the detriment of us and our unitholders.

Our sponsor owns and controls our general partner and appoints the directors of our general partner. Although our general partner has a duty to manage us in a manner it believes to be in our best interests, the executive officers and directors of our general partner have a fiduciary duty to manage our general partner in a manner beneficial to our sponsor. Therefore, conflicts of interest may arise between our sponsor or any of its affiliates, including our general partner, on the one hand, and us or any of our unitholders, on the other hand. In resolving these conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our common unitholders. These conflicts include the following situations, among others:

- our general partner is allowed to take into account the interests of parties other than us, such as our sponsor, in exercising certain rights under our partnership agreement, which has the effect of limiting its duty to our unitholders;
- neither our partnership agreement nor any other agreement requires our sponsor to pursue a business strategy that favors us;
- our partnership agreement replaces the fiduciary duties that would otherwise be owed by our general partner with contractual standards governing its duties, limits our general partner's liabilities and restricts the remedies available to our unitholders for actions that, without such limitations, might constitute breaches of fiduciary duty;
- except in limited circumstances, our general partner has the power and authority to conduct our business without unitholder approval;
- our general partner determines the amount and timing of asset purchases and sales, borrowings, issuances of additional partnership securities and the level of reserves, each of which can affect the amount of cash that is distributed to our unitholders;
- our general partner determines the amount and timing of any capital expenditure and whether a capital expenditure is classified as an ongoing capital expenditure, which reduces operating surplus, or a replacement capital expenditure, which does not reduce operating surplus. This determination can affect the amount of cash that is distributed to our unitholders which, in turn, may affect the ability of the subordinated units to convert;
- our general partner may cause us to borrow funds in order to permit the payment of cash distributions, even if the purpose or effect of the borrowing is to make IDRs;
- our partnership agreement permits us to distribute up to $26.5 million as operating surplus, even if it is generated from asset sales, non-working capital borrowings or other sources that would otherwise constitute capital surplus. This cash may be used to fund distributions on our subordinated units or the IDRs;
- our general partner determines which costs incurred by it and its affiliates are reimbursable by us;
- our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with its affiliates on our behalf;
- our general partner intends to limit its liability regarding our contractual and other obligations;
- our general partner may exercise its right to call and purchase common units if it and its affiliates own more than 80 percent of the common units;
- our general partner controls the enforcement of obligations that it and its affiliates owe to us;

- our general partner decides whether to retain separate counsel, accountants or others to perform services for us; and
- our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to our general partner's IDR without the approval of the conflicts committee of the Board of Directors of our general partner or the unitholders. This election may result in lower distributions to the common unitholders in certain situations.

In addition, we may compete directly with our sponsor for acquisition opportunities. Please read "Our sponsor and other affiliates of our general partner may compete with us."

We expect to distribute substantially all of our available cash, which could limit our ability to grow and make acquisitions.

We expect that we will distribute substantially all of our available cash to our unitholders and will rely primarily upon external financing sources, including commercial bank borrowings and the issuance of debt and equity securities, to fund our acquisitions and expansion capital expenditures. As a result, to the extent we are unable to finance growth externally, our cash distribution policy will significantly impair our ability to grow.

In addition, because we distribute substantially all of our available cash, we may not grow as quickly as businesses that reinvest their cash to expand ongoing operations. 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. There are no limitations in our partnership agreement on our ability to issue additional units, including units ranking senior to the common units. The incurrence of additional commercial borrowings or other debt to finance our growth strategy would result in increased interest expense, which, in turn, may impact the cash that we have available to distribute to our unitholders.

Our preferential right over our sponsor to pursue certain growth opportunities and our right of first offer to acquire certain of our sponsor's assets are subject to risks and uncertainties, and ultimately we may not pursue those opportunities or acquire any of those assets.

Our omnibus agreement provides us with preferential rights to pursue certain growth opportunities in the U.S. and Canada identified by our sponsor and a right of first offer to acquire certain of our sponsor's cokemaking assets located in the U.S. and Canada for so long as our sponsor or its controlled affiliate controls our general partner. The consummation and timing of any future acquisitions of such assets will depend upon, among other things, our sponsor's ability to identify such growth opportunities, our sponsor's willingness to offer such assets for sale, our ability to negotiate acceptable customer contracts and other agreements with respect to such assets and our ability to obtain financing on acceptable terms. We can offer no assurance that we will be able to successfully consummate any future acquisitions pursuant to our rights under the omnibus agreement, and our sponsor is under no obligation to identify growth opportunities or to sell any assets that would be subject to our right of first offer. For these or a variety of other reasons, we may decide not to exercise our preferential right to pursue growth opportunities or our right of first offer when any opportunities are identified or assets are offered for sale, and our decision will not be subject to unitholder approval. Please read "Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence-Agreements with Affiliates-Omnibus Agreement."

Our partnership agreement contains provisions that eliminate and replace the fiduciary duty standards to which our general partner otherwise would be held by state law.

Our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, or otherwise free of fiduciary duties to us and our unitholders. This entitles our general partner to consider only the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or our limited partners. Examples of decisions that our general partner may make in its individual capacity include:

- how to allocate business opportunities among us and its affiliates;
- whether to exercise its call right;
- how to exercise its voting rights with respect to the units it owns;
- whether to exercise its registration rights;
- whether to elect to reset target distribution levels; and
- whether or not to consent to any merger or consolidation of the partnership or amendment to the partnership agreement.

By purchasing a common unit, a unitholder is treated as having consented to the provisions in the partnership agreement, including the provisions discussed above.

Our partnership agreement restricts the remedies available to our unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty.

Our partnership agreement provides that:

- whenever our general partner makes a determination or takes, or declines to take, any action in its capacity as our general partner, it must do so in good faith, and will not be subject to any other standard imposed by our partnership agreement, or any law, rule or regulation, or at equity;
- our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as it acted in good faith, meaning that it believed that the decision was in the best interest of our partnership;
- our general partner and its officers and directors will not be liable for monetary damages to us or our limited partners resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and
- our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our limited partners if a transaction with an affiliate, or the resolution of a conflict of interest, is:
    - approved by the conflicts committee of the Board of Directors of our general partner, although our general partner is not obligated to seek such approval; or
    - approved by the vote of a majority of the outstanding common units, excluding any common units owned by our general partner and its affiliates.

In connection with a situation involving a transaction with an affiliate or a conflict of interest, any determination by our general partner must be made in good faith. If an affiliate transaction or the resolution of a conflict of interest is not approved by our common unitholders or the conflicts committee then it will be presumed that, in making its decision, taking any action or failing to act, the Board of Directors acted in good faith, and in any proceeding brought by or on behalf of any limited partner or the partnership, the person bringing or prosecuting such proceeding will have the burden of overcoming such presumption.

Our sponsor and other affiliates of our general partner may compete with us.

Pursuant to the terms of our partnership agreement, the doctrine of corporate opportunity, or any analogous doctrine, does not apply to our general partner or any of its affiliates, including its executive officers and directors and our sponsor. Except as described under "Part III. Item 13. Certain Relationships and Related Transactions, and Director Independence-Agreements Entered Into with Affiliates in Connection with our Initial Public Offering-Omnibus Agreement." any such person or entity that becomes aware of a potential transaction, agreement, arrangement or other matter that may be an opportunity for us will not have any duty to communicate or offer such opportunity to us. Any such person or entity will not be liable to us or to any limited partner for breach of any fiduciary duty or other duty by reason of the fact that such person or entity pursues or acquires such opportunity for itself, directs such opportunity to another person or entity or does not communicate such opportunity or information to us. This may create actual and potential conflicts of interest between us and affiliates of our general partner and result in less than favorable treatment of us and our unitholders.

Our general partner may elect to cause us to issue common units to it in connection with a resetting of the target distribution levels related to its IDRs, without the approval of the conflicts committee of its Board of Directors or the holders of our common units. This could result in lower distributions to holders of our common units.

Our general partner has the right, as the initial holder of our IDRs, at any time when there are no subordinated units outstanding and it has received incentive distributions at the highest level to which it is entitled (48.0 percent) for the prior four consecutive fiscal quarters, to reset the initial target distribution levels at higher levels based on our distributions at the time of the exercise of the reset election. Following a reset election by our general partner, the minimum quarterly distribution will be adjusted to equal the reset minimum quarterly distribution and the target distribution levels will be reset to correspondingly higher levels based on percentage increases above the reset minimum quarterly distribution.

If our general partner elects to reset the target distribution levels, it will be entitled to receive a number of common units. The number of common units to be issued to our general partner will equal the number of common units

that would have entitled the holder to an aggregate quarterly cash distribution in the two-quarter period prior to the reset election equal to the distribution to our general partner on the IDRs in the quarter prior to the reset election. Our general partner's general partner interest in us (currently 2 percent) will be maintained at the percentage that existed immediately prior to the reset election. We anticipate that our general partner would exercise this reset right in order to facilitate acquisitions or internal growth projects that would not be sufficiently accretive to cash distributions per common unit without such conversion. It is possible, however, that our general partner could exercise this reset election at a time when it is experiencing, or expects to experience, declines in the cash distributions it receives related to its IDR and may, therefore, desire to be issued common units rather than retain the right to receive incentive distributions based on the initial target distribution levels. This risk could be elevated if our IDRs have been transferred to a third-party. As a result, a reset election may cause our common unitholders to experience a reduction in the amount of cash distributions that our common unitholders would have otherwise received had we not issued new common units to our general partner in connection with resetting the target distribution levels.

Holders of our common units have limited voting rights and are not entitled to appoint our general partner or its directors, which could reduce the price at which our common units will trade.

Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management's decisions regarding our business. Unitholders will have no right on an annual or ongoing basis to appoint our general partner or its Board of Directors. The Board of Directors of our general partner, including the independent directors, is chosen entirely by our sponsor, as a result of it owning our general partner, and not by our unitholders. Unlike publicly-traded corporations, we will not conduct annual meetings of our unitholders to appoint directors or conduct other matters routinely conducted at annual meetings of stockholders of corporations.

Even if holders of our common units are dissatisfied, they cannot initially remove our general partner without its consent.

If our unitholders are dissatisfied with the performance of our general partner, they will have limited ability to remove our general partner. Unitholders initially will be unable to remove our general partner without its consent because our general partner and its affiliates will own sufficient units to be able to prevent its removal. The vote of the holders of at least 66 $^{2}/_{3}$ percent of all outstanding common units is required to remove our general partner. Our sponsor currently owns an aggregate of 60.4 percent of our outstanding units.

Our general partner's interest or the control of our general partner may be transferred to a third-party without unitholder consent.

Our general partner may transfer its general partner interest to a third-party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, our partnership agreement does not restrict the ability of the members of our general partner to transfer their respective membership interests in our general partner to a third-party. The new members of our general partner would then be in a position to replace the Board of Directors and executive officers of our general partner with their own designees and thereby exert significant control over the decisions taken by the Board of Directors and executive officers of our general partner. This effectively permits a "change of control" without the vote or consent of the unitholders.

The IDRs held by our general partner, or indirectly held by our sponsor, may be transferred to a third-party without unitholder consent.

Our general partner or our sponsor may transfer the IDRs to a third-party at any time without the consent of our unitholders. If our sponsor transfers the IDRs to a third-party but retains its ownership interest in our general partner, our general partner may not have the same incentive to grow our partnership and increase quarterly distributions to unitholders over time as it would if our sponsor had retained ownership of the IDRs. For example, a transfer of IDRs by our sponsor could reduce the likelihood of our sponsor accepting offers made by us relating to assets owned by it, as it would have less of an economic incentive to grow our business, which in turn would impact our ability to grow our asset base.

Our general partner has a call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80 percent of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price equal to the greater of (1) the average of the daily closing price of the common units over the 20 trading days preceding the date three days before notice of exercise of the call right is first mailed and (2) the highest per-unit price paid by our general partner or any of its affiliates for common

units during the 90-day period preceding the date such notice is first mailed. As a result, unitholders may be required to sell their common units at an undesirable time or price and may receive no return or a negative return on their investment. Unitholders may also incur a tax liability upon a sale of their units. Our general partner is not obligated to obtain a fairness opinion regarding the value of the common units to be repurchased by it upon exercise of the limited call right. There is no restriction in our partnership agreement that prevents our general partner from issuing additional common units and exercising its call right. If our general partner exercised its limited call right, the effect would be to take us private and, if the units were subsequently deregistered, we would no longer be subject to the reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act.

We may issue additional units without unitholder approval, which would dilute existing unitholder ownership interests.

Our partnership agreement does not limit the number of additional limited partner interests we may issue at any time without the approval of our unitholders. The issuance of additional common units or other equity interests of equal or senior rank will have the following effects:

- our existing unitholders' proportionate ownership interest in us will decrease;
- the amount of earnings per unit may decrease;
- because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase;
- the ratio of taxable income to distributions may increase;
- the relative voting strength of each previously outstanding unit may be diminished; and
- the market price of the common units may decline.

There are no limitations in our partnership agreement on our ability to issue units ranking senior to the common units.

In accordance with Delaware law and the provisions of our partnership agreement, we may issue additional partnership interests that are senior to the common units in right of distribution, liquidation and voting. The issuance by us of units of senior rank may reduce or eliminate the amounts available for distribution to our common unitholders, diminish the relative voting strength of the total common units outstanding as a class, or subordinate the claims of the common unitholders to our assets in the event of our liquidation.

The market price of our common units could be adversely affected by sales of substantial amounts of our common units in the public or private markets, including sales by our sponsor or other large holders.

Sales by our sponsor or other large holders of a substantial number of our common units in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities. In addition, we have provided registration rights to our sponsor. Under our agreement, our general partner and its affiliates have registration rights relating to the offer and sale of any units that they hold, subject to certain limitations.

Our partnership agreement restricts the voting rights of unitholders owning 20 percent or more of our common units.

Our partnership agreement restricts unitholders' voting rights by providing that any units held by a person or group that owns 20 percent or more of any class of units then outstanding, other than our general partner and its affiliates, their transferees and persons who acquired such units with the prior approval of the Board of Directors of our general partner, cannot vote on any matter.

Cost reimbursements due to our general partner and its affiliates for services provided to us or on our behalf will reduce our earnings and therefore our ability to distribute cash to our unitholders. The amount and timing of such reimbursements will be determined by our general partner.

Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates for all expenses they incur and payments they make on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. These expenses include salary, bonus, incentive compensation and other amounts paid to persons who perform services for us or on our behalf and expenses allocated to our general partner by its affiliates. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us. The reimbursement of expenses and payment of fees, if any,

to our general partner and its affiliates will reduce our earnings and therefore our ability to distribute cash to our unitholders. See Note 5 to our consolidated financial statements for details on the Partnership's distribution policy.

The amount of estimated replacement capital expenditures our general partner is required to deduct from operating surplus each quarter could increase in the future, resulting in a decrease in available cash from operating surplus that could be distributed to our unitholders.

Our partnership agreement requires our general partner to deduct from operating surplus each quarter estimated replacement capital expenditures as opposed to actual replacement capital expenditures in order to reduce disparities in operating surplus caused by fluctuating replacement capital expenditures, which are capital expenditures required to replace our major capital assets. The amount of annual estimated replacement capital expenditures for purposes of calculating operating surplus is based upon our current estimates of the reasonable expenditures we will be required to make in the future to replace our major capital assets, including all or a major portion of a plant or other facility, at the end of their working lives. Our partnership agreement does not cap the amount of estimated replacement capital expenditures that our general partner may designate. The amount of our estimated replacement capital expenditures may be more than our actual replacement capital expenditures, which will reduce the amount of available cash from operating surplus that we would otherwise have available for distribution to unitholders. The amount of estimated replacement capital expenditures deducted from operating surplus is subject to review and change by the Board of Directors of our general partner at least once a year, with any change approved by the conflicts committee.

The amount of cash we have available for distribution to holders of our units depends primarily on our cash flow and not solely on profitability, which may prevent us from making cash distributions during periods when we record net income.

The amount of cash we have available for distribution depends primarily upon our cash flow, including cash flow from reserves and working capital or other borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may pay cash distributions during periods when we record net losses for financial accounting purposes and may not pay cash distributions during periods when we record net income.

Unitholder liability may not be limited if a court finds that unitholder action constitutes control of our business.

A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in Ohio, Illinois, West Virginia and Louisiana. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some jurisdictions. You could be liable for our obligations as if you were a general partner if a court or government agency were to determine that:

- we were conducting business in a state but had not complied with that particular state’s partnership statute; or
- your right to act with other unitholders to remove or replace the general partner, to approve some amendments to our partnership agreement or to take other actions under our partnership agreement constitute “control” of our business.

Unitholders may have liability to repay distributions and in certain circumstances may be personally liable for the obligations of the partnership.

Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17-607 of the Delaware Revised Uniform Limited Partnership Act, or the Delaware Act, we may not make a distribution to our unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of the impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the distribution amount. Liabilities to partners on account of their partnership interests and liabilities that are non-recourse to the partnership are not counted for purposes of determining whether a distribution is permitted.

If we fail to maintain effective internal control over financial reporting, our ability to accurately report our financial results could be adversely affected.

We are required to comply with the SEC’s rules implementing Sections 302 and 404 of the Sarbanes Oxley Act of 2002, which require our management to certify financial and other information in our quarterly and annual reports and provide an annual management report on the effectiveness of our internal control over financial reporting. To comply with the requirements of being a publicly-traded partnership, we will need to implement additional internal controls, reporting

systems and procedures and hire additional accounting, finance and legal staff. Accordingly, we may not be required to have our independent registered public accounting firm attest to the effectiveness of our internal controls until our annual report for the fiscal year ending December 31, 2017. Once it is required to do so, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our controls are documented, designed, operated or reviewed.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential unitholders could lose confidence in our financial reporting, which would harm our business and the trading price of our units.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes Oxley Act of 2002. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our units.

The New York Stock Exchange, or NYSE, does not require a publicly-traded partnership like us to comply with certain of its corporate governance requirements.

Because we are a publicly-traded partnership, the NYSE will not require that we have a majority of independent directors on our general partner's Board of Directors or compensation and nominating and corporate governance committees. Accordingly, unitholders will not have the same protections afforded to certain corporations that are subject to all of the NYSE corporate governance requirements.

Tax Risks to Common Unitholders

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. The IRS has issued final regulations which would result in our being treated as a corporation for federal income tax purposes and subject to entity-level taxation beginning January 1, 2028. In addition, the IRS may challenge our status as a partnership for federal income tax purposes from the time of our initial public offering. If the IRS were to treat us as a corporation for federal income tax purposes or we were to become subject to material additional amounts of entity-level taxation for state tax purposes, then our ability to distribute cash to you could be substantially reduced.

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, a partnership such as ours would be treated as a corporation for federal income tax purposes unless more than 90 percent of our income is from certain specified sources (the "Qualifying Income Exception") under Section 7704 of the Internal Revenue Code of 1986, as amended (the "Code").

On January 19, 2017, the IRS and the US Department of Treasury issued qualifying income regulations (the "Final Regulations") regarding the Qualifying Income Exception. The Final Regulations were published in the Federal Register on January 24, 2017, and apply to taxable years beginning on or after January 19, 2017. Under the Final Regulations, our cokemaking operations have been excluded from the definition of qualifying income activities, subject to a ten-year transition period. As a result, the following consequences might ensue:

If our income from cokemaking operations "was qualified income under the statute as reasonably interpreted prior to May 6, 2015," then we will have a transition period ending on December 31, 2027, during which we can treat income from our existing cokemaking activities as qualifying income. Our transitional status during this period is likely to impair our growth prospects, and we do not expect to acquire additional cokemaking operations without receipt of an IRS private letter ruling confirming the availability of the transition period as applied to the income from such an acquisition.

The IRS might challenge our treatment of income from our cokemaking operations as qualifying income by asserting that such treatment did not rely upon a reasonable interpretation of the statute prior to May 6, 2015. If so, nothing would preclude the IRS from challenging our status as a partnership for federal income tax purposes from the time of our initial public offering. If this challenge were to occur and prevail, (i) we would be taxed retroactively as if we were a corporation at federal and state tax rates, likely resulting in a material amount of taxable income and taxes in certain open years, (ii) historical and future distributions would generally be taxed again as corporate distributions and (iii) no income,

gains, losses, deductions or credits recognized by us would flow to our unitholders. This would result in a material reduction in our cash flow and after-tax return to our unitholders and the recording of an income tax provision and a reduction in net income.

If, notwithstanding our confidence regarding our eligibility to use the transition period based on our belief and a legal opinion from outside counsel, the IRS were to challenge our eligibility to qualify for the transition period or our position that we have satisfied the Qualifying Income Exception from the time of our IPO, we would vigorously disagree with such a challenge, although we can provide no assurance of our likelihood of, or costs associated with, prevailing. Please read "Item 1 Business - IRS Final Regulation on Qualifying income."

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, and would likely pay state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses, deductions or credits recognized by us would flow through to you. Because a tax would be imposed upon us as a corporation, our after tax earnings and therefore our ability to distribute cash to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us.

The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis.

The present U.S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative or judicial changes or differing interpretations at any time. From time to time, members of Congress have proposed and considered such substantive changes to the existing federal income tax laws that would affect publicly traded partnerships. Although there is no current legislative proposal, a prior legislative proposal would have eliminated the qualifying income exception to the treatment of all publicly traded partnerships as corporations upon which we rely for our treatment as a partnership for U.S. federal income tax purposes.

In addition, as discussed above, on January 24, 2017, Final Regulations were published in the Federal Register and apply to taxable years beginning on or after January 19, 2017. The Final Regulations will likely affect our ability to continue to qualify as a publicly traded partnership.

Any modification to the U.S. federal income tax laws may be applied retroactively and could make it more difficult or impossible for us to meet the exception for certain publicly traded partnerships to be treated as partnerships for U.S. federal income tax purposes. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us.

In general, we are entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, under the Tax Reform Legislation, for taxable years beginning after December 31, 2017, our deduction for "business interest" is limited to the sum of our business interest income and 30% of our "adjusted taxable income." For purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion.

You will be required to pay taxes on your share of our income even if you do not receive any cash distributions from us.

Because our unitholders will be treated as partners to whom we will allocate taxable income that could be different in amount than the cash we distribute, you will be required to pay federal income taxes and, in some cases, state and local income taxes on your share of our taxable income whether or not you receive cash distributions from us. You may not receive cash distributions from us equal to your share of our taxable income or even equal to the actual tax liability that result from that income.

Tax gain or loss on the disposition of our common units could be more or less than expected.

If you sell your common units, you will recognize a gain or loss equal to the difference between the amount realized and your tax basis in those common units. Because distributions in excess of your allocable share of our net

taxable income result in a decrease in your tax basis in your common units, the amount, if any, of such prior excess distributions with respect to the units you sell will, in effect, become taxable income to you if you sell such units at a price greater than your tax basis in those units, even if the price you receive is less than your original cost. In addition, because the amount realized includes a unitholder's share of our liabilities, if you sell your units, you may incur a tax liability in excess of the amount of cash you receive from the sale.

A substantial portion of the amount realized from your sale of our units, whether or not representing gain, may be taxed as ordinary income to you due to potential recapture items, including depreciation recapture. Thus, you may recognize both ordinary income and capital loss from the sale of units if the amount realized on a sale of such units is less than your adjusted basis in the units. Net capital loss may only offset capital gains, subject to applicable IRS limitations. In the taxable period in which you sell your units, you may recognize ordinary income from our allocations of income and gain to you prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units.

Tax-exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them.

Investment in our common units by tax-exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U.S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Further, with respect to taxable years beginning after December 31, 2017, a tax-exempt entity with more than one unrelated trade or business (including by attribution from investment in a partnership such as ours that is engaged in one or more unrelated trade or business) is required to compute the unrelated business taxable income of such tax-exempt entity separately with respect to each such trade or business (including for purposes of determining any net operating loss deduction). As a result, for years beginning after December 31, 2017, it may not be possible for tax-exempt entities to utilize losses from an investment in our partnership to offset unrelated business taxable income from another unrelated trade or business and vice versa. Tax-exempt entities should consult a tax advisor before investing in our common units.

Non-U.S. Unitholders will be subject to U.S. taxes and withholding with respect to their income and gain from owning our units.

Non-U.S. unitholders are generally taxed and subject to income tax filing requirements by the United States on income effectively connected with a U.S. trade or business ("effectively connected income"). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be "effectively connected" with a U.S. trade or business. As a result, distributions to a Non-U.S. unitholder will be subject to withholding at the highest applicable effective tax rate and a Non-U.S. unitholder who sells or otherwise disposes of a unit will also be subject to U.S. federal income tax on the gain realized from the sale or disposition of that unit.

The Tax Cuts and Jobs Act ("Tax Legislation") imposes a withholding obligation of 10 percent of the amount realized upon a Non-U.S. unitholder's sale or exchange of an interest in a partnership that is engaged in a U.S. trade or business. However, due to challenges of administering a withholding obligation applicable to open market trading and other complications, the IRS has temporarily suspended the application of this withholding rule to open market transfers of interest in publicly traded partnerships pending promulgation of regulations or other guidance that resolves the challenges. It is not clear if or when such regulations or other guidance will be issued. Non-U.S. unitholders should consult a tax advisor before investing in our common units

If the IRS contests the federal income tax positions we take, the market for our common units may be adversely impacted and the cost of any IRS contest will reduce our earnings and therefore our ability to distribute cash to you.

We have not requested a ruling from the IRS with respect to our treatment as a partnership for U.S. federal income tax purposes. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take. A court may not agree with some or all of the positions we take. Any contest by the IRS may materially and adversely impact the market for our common units and the price at which they trade. Our costs of any contest by the IRS will be borne indirectly by our unitholders and our general partner because the costs will reduce our earnings and therefore our ability to distribute cash.

If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders' behalf.

Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under the new rules, our general partner may elect to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to our unitholders might be substantially reduced and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on such unitholders behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017.

We will treat each purchaser of our common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units.

Because we cannot match transferors and transferees of common units, we will adopt depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to you. It also could affect the timing of these tax benefits or the amount of gain from your sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to your tax returns.

We will prorate our items of income, gain, loss and deduction between transferors and transferees of our units based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units based upon the ownership of our common units on the first day of each month (the "Allocation Date"), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among unitholders.

A unitholder whose common units are the subject of a securities loan (e.g., a loan to a "short seller" to cover a short sale of common units) may be considered as having disposed of those common units. If so, he would no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan and may recognize gain or loss from the disposition.

Because there is no tax concept of loaning a partnership interest, a unitholder whose common units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, he may no longer be treated for tax purposes as a partner with respect to those common units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those common units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those common units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller should modify any applicable brokerage account agreements to prohibit their brokers from borrowing their common units.

We have adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could adversely affect the value of our common units.

In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction.

A successful IRS challenge to these methods or allocations could adversely affect the timing or amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain from our unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.

Unitholders will likely be subject to state and local taxes and return filing requirements in states where you do not live as a result of investing in our common units.

In addition to federal income taxes, you will likely be subject to other taxes in the states in which we own assets and conduct business, including state and local taxes, unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if you do not live in any of those jurisdictions. Further, you may be subject to penalties for failure to comply with those requirements. We currently own assets and conduct business in in Louisiana, Ohio, Illinois, Indiana, Virginia, and West Virginia. As we make acquisitions or expand our business, we may own assets or conduct business in additional states or foreign jurisdictions that impose a personal income tax. It is your responsibility to file all U.S. federal, foreign, state and local tax returns.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We own the following real property:

- Approximately 400 acres in Franklin Furnace (Scioto County), Ohio, at and around the area where the Haverhill cokemaking facility (both first and second phases) is located.
- Approximately 250 acres in Middletown (Butler County), Ohio near AK Steel's Middletown Works facility, on which the Middletown cokemaking facility is located.
- Approximately 41 acres in Granite City (Madison County), Illinois, adjacent to the U.S. Steel Granite City Works facility, on which the Granite City cokemaking facility is located. Upon the earlier of ceasing production at the facility or the end of 2044, U.S. Steel has the right to repurchase the property, including the facility, at the fair market value of the land. Alternatively, U.S. Steel may require us to demolish and remove the facility and remediate the site to original condition upon exercise of its option to repurchase the land.
- Approximately 180 acres in Ceredo (Wayne County), West Virginia on which KRT has two terminals for its mixing and/or handling services along the Ohio and Big Sandy Rivers.
- Approximately 174 acres in Convent (St. James Parish), Louisiana, on which CMT is located.

We lease the following real property:

- Approximately 45 acres of land located in East Chicago (Lake County), Indiana, through a sublease from SunCoke to Lake Terminal for the coal handling and mixing facilities that service SunCoke's Indiana Harbor cokemaking facility. The leased property is inside ArcelorMittal's Indiana Harbor Works facility and is part of an enterprise zone.
- Approximately 25 acres in Belle (Kanawha County), West Virginia on which KRT has a terminal for its mixing and/or handling services along the Kanawha River.

Item 3. Legal Proceedings

The information presented in Note 12 to our consolidated financial statements within this Annual Report on Form 10-K is incorporated herein by reference.

Many legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Our management believes that any liabilities that may arise from such matters would not be material in relation to our business or our consolidated financial position, results of operations or cash flows at December 31, 2018 .

Item 4. Mine Safety Disclosures

Certain logistics assets are subject to Mine Safety and Health Administration regulatory purview. The information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.014) is included in Exhibit 95.1 to this Annual Report on Form 10-K.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities

Market for the Partnership’s Common Equity

The Partnership's common units, representing limited partnership interests, have been trading under the trading symbol “SXCP” on the New York Stock Exchange since January 18, 2013. At the close of business on February 8, 2019 , there were four holders of record of the Partnership’s common units, including Sun Coal & Coke LLC, which owns 100 percent of our general partner and holds 28,499,899 of our common units. The number of record holders does not include holders of shares in “street name” or persons, partnerships, associations, corporations or other entities identified in security position listings maintained by depositories.

Market Repurchase Program

On July 20, 2015, the Partnership's Board of Directors authorized a program for the Partnership to repurchase up to $50.0 million of its common units. There were no unit repurchases during 2018 by the Partnership. At December 31, 2018 , there was $37.2 million available under the authorized unit repurchase program.

Item 6. Selected Financial Data

The following table presents summary consolidated operating results and other information of the Partnership and should be read in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and accompanying notes included elsewhere in this Annual Report on Form 10-K.

Our consolidated financial statements include amounts allocated from SunCoke for corporate and other costs attributable to our operations. These allocated costs are for services provided to us by SunCoke. SunCoke centrally provides engineering, operations, procurement and information technology support to its and our facilities. In addition, allocated costs include legal, accounting, tax, treasury, insurance, employee benefit costs, communications and human resources. All corporate costs that were specifically identifiable to a particular operating facility of SunCoke or the Partnership have been allocated to that facility. Where specific identification of charges to a particular operating facility was not practicable, a reasonable method of allocation was applied to all remaining corporate and other costs. The allocation methodology for all remaining corporate and other costs is based on management's estimate of the proportional level of effort devoted by corporate resources that is attributable to each of SunCoke's and the Partnership's operating facilities.

The consolidated financial statements do not necessarily reflect what our financial position and results of operations would have been if we had operated as an independent, publicly-traded partnership during the periods shown. In addition, the consolidated financial statements are not necessarily indicative of our future results of operations or financial condition.

	Years Ended December 31,				
	2018 [1]	2017 [1]	2016 [1]	2015 [1]	2014
	(Dollars in millions, except per unit amounts)				
Operating Results:					
Total revenues	$ 892.1	$ 845.6	$ 779.7	$ 838.5	$ 873.0
Operating income	$ 117.2	$ 142.8	$ 146.1	$ 137.2	$ 135.1
Net income (loss) [2]	$ 59.4	$ (17.5)	$ 121.4	$ 92.2	$ 87.5
Net income (loss) attributable to SunCoke Energy Partners, L.P.	57.5	(18.1)	$ 119.1	$ 85.4	$ 56.0
Net income (loss) per common unit (basic and diluted)	$ 1.22	$ (0.54)	$ 2.07	$ 1.92	$ 1.58
Net income per subordinated unit (basic and diluted) [3]	$ —	$ —	$ —	$ 1.71	$ 1.43
Distributions declared per unit	$ 1.6000	$ 2.3760	$ 2.3760	$ 2.2888	$ 2.0175
Balance Sheet Data (at period end):					
Total assets	$ 1,619.1	$ 1,641.4	$ 1,696.0	$ 1,768.9	$ 1,417.0
Long-term debt and financing obligation	$ 793.3	$ 818.4	$ 805.7	$ 894.5	$ 399.0

(1) The results of CMT have been included in the consolidated financial statements since it was acquired on August 12, 2015. CMT added the following:

	Years Ended December 31,			
	2018	2017	2016	2015
	(Dollars in millions)			
Combined assets	$ 370.9	$ 394.6	$ 411.7	$ 426.1
Revenues	$ 81.3	$ 71.1	$ 62.7	$ 28.6
Operating income	$ 40.2	$ 42.3	$ 46.5	$ 18.4

(2) In 2017, as a result of the Final Regulations on qualifying income and the new Tax Legislation, the Partnership recorded deferred income tax expense, net of $79.8 million. See Note 6 to our consolidated financial statements.

(3) Upon payment of the cash distribution for the fourth quarter of 2015, the financial requirements for the conversion of all subordinated units were satisfied. As a result, the 15,709,697 subordinated units converted into common units on a one-for-one basis. For purpose of calculating net income per unit, the conversion of the subordinated units is deemed to have occurred on January 1, 2016.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Annual Report on Form 10-K contains certain forward-looking statements of expected future developments, as defined by 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" and "Risk Factors."

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is based on financial data derived from the financial statements prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and certain other financial data that is prepared using non-GAAP measures. For a reconciliation of these non-GAAP measures to the most comparable GAAP components, see "Non-GAAP Financial Measures" at the end of this Item and Note 15 to our consolidated financial statements.

Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition, and cash flows. Our results of operations include reference to our business operations and market conditions, which are further described in Part I of this document.

2018 Overview

Our consolidated results of operations were as follows:

	Year Ended December 31,	
	2018	
	(Dollars in millions)	
Net income attributable to SunCoke Energy Partners, L.P.		57.5
Net cash provided by operating activities	$	162.8
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	$	209.4

During 2018 , the Partnership successfully delivered against the majority of our key objectives:

- ***Financial objectives.*** Net income attributable to SunCoke Energy Partners, L.P. in 2018 was $57.5 million . We delivered Adjusted EBITDA attributable to SunCoke Energy Partners, L.P. of $209.4 million , slightly below our guidance range of $210 million to $215 million , and generated $162.8 million of operating cash flow, above our revised guidance of between $140 million and $150 million . Domestic Coke contributed Adjusted EBITDA of $157.5 million , and Logistics delivered Adjusted EBITDA of $71.6 million , reflecting the highest annual volumes in CMT's history.
- ***Achieved de-leveraging goals.*** We achieved our objective to pay down $25 million on the Partnership Revolver in 2018 and continue to maintain our focus on strengthening our balance sheet and reducing debt in 2019.
- ***Leveraged CMT capabilities to further diversify customer and product mix.*** We continued to further diversify the product mix by handling petroleum coke, aggregates and liquids, and we remain focused on adding additional dry bulk products to grow the terminal. In 2018, we moved approximately one million merchant tons of bulk products through CMT.
- ***Delivered operational excellence and optimized our asset base.*** We continued to improve operational performance across both our coke and logistics businesses, which was reflected by the increase in volumes in both segments during 2018. We encountered operational challenges at our Granite City facility during 2018, which included an extended outage and a machinery fire. As part of the extended outage, we completed various upgrades on our heat recovery steam generators and flue gas desulfurization system in order to improve the long-term reliability and operational performance of these assets. These necessary upgrades will better position Granite City for long-term success. We also made significant progress on our environmental remediation project at Granite City and expect the project to be completed by the middle of 2019.

Our Focus and Outlook for 2019

During 2019 , our primary focus will be to:

- ***Achieve financial objectives.*** We expect to deliver Adjusted EBITDA attributable to the Partnership of between $215 million and $225 million and operating cash flow of between $145 million and $160 million . Significant operational improvements at Granite City and solid ongoing operations across the remaining Domestic Coke fleet are expected to contribute to the growth in Adjusted EBITDA.
- ***Continue to pay down debt and strengthen the balance sheet.*** We remain committed to continuing to strengthen the balance sheet and plan to allocate excess cash flow, after distributions, towards reducing debt, which will maximize long-term value for all unitholders.
- ***Deliver operational excellence and optimize our asset base.*** We remain focused on further improving operational performance across both our coke and logistics businesses, as well as successfully executing on our 2019 capital plan. We expect operational improvements at Granite City to generate an increase in production and higher energy revenues as well as lower operating and maintenance costs. We also continue to work to secure further new business and diversify our customer base.

Items Impacting Comparability

- ***Debt Activities.*** During 2017, the Partnership refinanced its debt obligations and amended and restated the Partnership Revolver, resulting in a loss on extinguishment of debt on the Consolidated Statement of Operations of $20.0 million .

  During 2016, the Partnership de-levered its balance sheet by repurchasing $89.5 million of face value notes due in 2020, resulting in gains on debt extinguishment of $25.0 million on the Consolidated Statement of Operations.

  As a result of the above debt activities, weighted average debt balances during 2018, 2017 and 2016 were $839.2 million, $840.8 million and $843.1 million, respectively, and related interest expense in 2018, 2017 and 2016 was $62.7 million , $57.5 million and $52.7 million , respectively or a weighted average interest rate of 7.47 percent, 6.84 percent and 6.25 percent, respectively. The increase in related interest expense in 2017 as compared to 2016 was driven by higher interest rates as a result of the Partnership's debt refinancing activities. Interest expense in 2018 reflects a full year of the higher rates.

- ***Tax Rulings.***
  - ***IRS Final Regulations on Qualifying Income.*** In January 2017, the IRS announced its decision to exclude cokemaking as a qualifying income generating activity in its final regulations (the "Final Regulations") issued under section 7704(d)(1)(E) of the Internal Revenue Code relating to the qualifying income exception for publicly traded partnerships. Subsequent to the 10-year transition period, certain cokemaking entities in the Partnership will become taxable as corporations. As a result of the qualifying income exception discussed above, the Partnership recorded deferred income tax expense of $148.6 million related to its changes in its projected deferred tax liability associated with projected book to tax differences at the end of the 10-year transition period . The Partnership recorded a deferred tax benefit of $3.6 million in 2018 as a result of current period additions and changes in estimated useful lives of certain assets. See Note 6 to our consolidated financial statements.
  - ***Tax Legislation.*** On December 22, 2017, the Tax Cuts and Jobs Act (“Tax Legislation”) was enacted. The Tax Legislation significantly revised the U.S. corporate income tax structure, including lowering corporate income tax rates. As a result, the Partnership recorded an income tax benefit of $68.8 million for the remeasurement of its U.S. deferred income tax liabilities, reversing a portion of the deferred income tax expense recorded from the Final Regulations in the first quarter of 2017.

    The net impact of the Final Regulations and Tax Legislation, resulted in $79.8 million of deferred income tax expense, net during 2017.

Consolidated Results of Operations

The following section includes analysis of consolidated results of operations for the years ended December 31, 2018 , 2017 and 2016 . See "Analysis of Segment Results" later in this section for further details of these results.

	Years Ended December 31,			Increase (Decrease)	
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(Dollars in millions)				
Revenues					
Sales and other operating revenue	$ 892.1	$ 845.6	$ 779.7	$ 46.5	$ 65.9
Costs and operating expenses					
Cost of products sold and operating expenses	648.9	586.7	517.2	62.2	69.5
Selling, general and administrative expenses	33.6	32.5	38.7	1.1	(6.2)
Depreciation and amortization expense	92.4	83.6	77.7	8.8	5.9
Total costs and operating expenses	774.9	702.8	633.6	72.1	69.2
Operating income	117.2	142.8	146.1	(25.6)	(3.3)
Interest expense, net [(1)]	59.4	56.4	47.7	3.0	8.7
Loss (gain) on extinguishment of debt, net [(1)]	—	20.0	(25.0)	(20.0)	45.0
Income before income tax expense (benefit)	57.8	66.4	123.4	(8.6)	(57.0)
Income tax (benefit) expense [(1)]	(1.6)	83.9	2.0	(85.5)	81.9
Net income (loss)	$ 59.4	$ (17.5)	$ 121.4	$ 76.9	$ (138.9)
Less: Net income attributable to noncontrolling interests	1.9	0.6	2.3	1.3	(1.7)
Net income (loss) attributable to SunCoke Energy Partners, L.P.	$ 57.5	$ (18.1)	$ 119.1	$ 75.6	$ (137.2)

(1) See year-over-year changes described in "Items Impacting Comparability."

Sales and Other Operating Revenue and Costs of Products Sold and Operating Expenses. Sales and other operating revenue and costs of products sold and operating expenses increased for 2018 and 2017 as compared to prior year periods, primarily due to the pass-through of higher coal prices in our Domestic Coke segment. Higher sales volumes in our Logistics segment also increased revenues.

Selling, General and Administrative Expenses. The increase in selling, general and administrative expense in 2018 as compared to 2017 was driven by higher costs to resolve certain legal matters. The decrease in selling, general and administrative expense in 2017 as compared to 2016 was driven by lower professional service fees and the absence of unfavorable mark-to-market adjustments on deferred compensation driven by changes in the Partnership's unit price recorded in 2016.

Depreciation and Amortization Expense. Depreciation and amortization expense increased in 2018 as compared to 2017 driven by revisions to the estimated useful lives of certain assets in our Domestic Coke segment, primarily as a result of plans to replace major components of certain heat recovery steam generators with upgraded materials and design. The revisions resulted in additional depreciation of $9.2 million or $0.20 per common unit, during 2018. The increase in depreciation and amortization expense during 2017 as compared to 2016 was impacted by depreciation expense on CMT's ship loader and certain environmental remediation assets (i.e. gas sharing) at our Haverhill cokemaking facility, both placed in service during the fourth quarter of 2016.

Noncontrolling Interest. Net income attributable to noncontrolling interest represents SunCoke's retained ownership interest in our cokemaking facilities. The net impact of the Final Regulations and Tax Legislation attributable to SunCoke's retained ownership interest in our cokemaking facilities impacted 2017.

Results of Reportable Business Segments

We report our business results through two segments:

- Domestic Coke consists of our Haverhill facility, located in Franklin Furnace, Ohio, our Middletown facility, located in Middletown, Ohio, and our Granite City facility, located in Granite City, Illinois.
- Logistics consists of Convent Marine Terminal ("CMT"), located in Convent, Louisiana, Kanawha River Terminal ("KRT"), located in Ceredo and Belle, West Virginia, and SunCoke Lake Terminal ("Lake Terminal"), located in East Chicago, Indiana. Lake Terminal is located adjacent to SunCoke's Indiana Harbor cokemaking facility.

The operations of each of our segments are described in Part I of this document.

Corporate and other expenses that can be identified with a segment have been included as deductions in determining operating results of our business segments and the remaining expenses have been included in Corporate and Other.

Management believes Adjusted EBITDA is an important measure of operating performance and liquidity and uses it as the primary basis for the chief operating decision maker 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 GAAP. See “Non-GAAP Financial Measures” near the end of this Item and Note 15 to our consolidated financial statements .

Segment Operating Data

The following tables set forth financial and operating data by segment for the years ended December 31, 2018 , 2017 and 2016 :

	Years Ended December 31,			Increase (Decrease)	
	2018	2017	2016	2018 vs. 2017	2017 vs. 2016
	(Dollars in millions, except per ton amounts)				
Sales and other operating revenue:					
Domestic Coke	$ 776.7	$ 739.7	$ 681.8	$ 37.0	$ 57.9
Logistics	115.4	105.9	97.9	9.5	8.0
Logistics intersegment sales	6.9	6.5	6.1	0.4	0.4
Elimination of intersegment sales	(6.9)	(6.5)	(6.1)	(0.4)	(0.4)
Total	$ 892.1	$ 845.6	$ 779.7	$ 46.5	$ 65.9
Adjusted EBITDA [1] :					
Domestic Coke	$ 157.5	$ 170.3	$ 167.0	$ (12.8)	$ 3.3
Logistics	71.6	69.7	63.2	1.9	6.5
Corporate and Other	(16.6)	(15.3)	(17.2)	(1.3)	1.9
Total	$ 212.5	$ 224.7	$ 213.0	$ (12.2)	$ 11.7
Coke Operating Data:					
Domestic Coke capacity utilization (%)	101	101	101	—	—
Domestic Coke production volumes (thousands of tons)	2,332	2,313	2,334	19	(21)
Domestic Coke sales volumes (thousands of tons)	2,344	2,298	2,336	46	(38)
Domestic Coke Adjusted EBITDA per ton [2]	$ 67.19	$ 74.11	$ 71.49	$ (6.92)	$ 2.62
Logistics Operating Data:					
Tons handled (thousands of tons) [3]	25,499	20,546	17,469	4,953	3,077
CMT take-or-pay shortfall tons (thousands of tons) [4]	220	2,918	6,076	(2,698)	(3,158)

(1) See Note 15 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliations from GAAP to the non-GAAP measurement for the years ended December 31, 2018, 2017 and 2016.

(2) Reflects Domestic Coke Adjusted EBITDA divided by Domestic Coke sales volumes.

(3) Reflects inbound tons handled during the period.

(4) Reflects tons billed under take-or-pay contracts where services were not performed.

Analysis of Segment Results

Domestic Coke

The following table explains year-over-year changes in our Domestic Coke segment's sales and other operating revenues and Adjusted EBITDA results:

	Sales and other operating revenue		Adjusted EBITDA	
	2018 vs. 2017	2017 vs. 2016	2018 vs. 2017	2017 vs. 2016
	(Dollars in millions)			
Beginning	$ 739.7	$ 681.8	$ 170.3	$ 167.0
Volumes [1]	6.2	(4.3)	(4.7)	3.6
Coal cost recovery and yields [2]	34.3	61.6	4.7	0.1
Operating and maintenance costs [3]	3.2	0.2	(7.8)	(5.5)
Energy and other [4]	(6.7)	0.4	(5.0)	5.1
Ending	$ 776.7	$ 739.7	$ 157.5	$ 170.3

(1) In 2017, volumes were negatively impacted by a decrease in volumes to AK Steel, for which AK Steel provided make whole payments. In 2018, these volumes to AK Steel increased, benefiting revenue with minimal impact on Adjusted EBITDA as the Partnership is made whole on volume shortfalls. Partly offsetting this benefit were lower volumes at Granite City.

(2) Revenues and the impact of coal-to-coke yields on Adjusted EBITDA move directionally with changes in coal prices, which increased in both 2018 and 2017 as compared to the prior year periods. Additionally, in 2017, certain coal costs were under-recovered as a result of unfulfilled coal supply commitments by on of our coal suppliers.

(3) The timing and scope of outage work negatively impacted Adjusted EBITDA by $6.6 million in 2018.

(4) The decrease in energy in 2018 as compared to 2017 was primarily driven by our extended Granite City outage and the impact a machinery fire had on energy production. The improvement in 2017 as compared to 2016 was driven by the impact of a turbine failure at our Haverhill facility in October 2016, which was fully restored in January 2017. This turbine failure adversely affected energy production in 2016, although the impact was partially mitigated by insurance recoveries.

Logistics

The following table explains year-over-year changes in our Logistics segment's sales and other operating revenues and Adjusted EBITDA results:

	Sales and other operating revenue, inclusive of intersegment sales		Adjusted EBITDA	
	2018 vs. 2017	2017 vs. 2016	2018 vs. 2017	2017 vs. 2016
	(Dollars in millions)			
Beginning	$ 112.4	$ 104.0	$ 69.7	$ 63.2
Transloading volumes [1]	9.2	3.2	3.4	2.5
Price/margin impact of mix in transloading services	1.7	2.4	1.7	2.4
Operating and maintenance costs and other [2]	(1.0)	2.8	(3.2)	1.6
Ending	$ 122.3	$ 112.4	$ 71.6	$ 69.7

(1) CMT achieved record volumes in 2017, which further increased in 2018. Volumes were 12.2 million tons, 8.0 million tons and 4.3 million tons in 2018, 2017 and 2016, respectively.

(2) In 2018, the Mississippi River experienced near-historic water levels, which negatively impacted Adjusted EBITDA during 2018 as compared to 2017.

Corporate and Other

2018 compared to 2017

Corporate expenses increased $1.3 million to $16.6 million in 2018 compared to $15.3 million in 2017 , primarily as a result higher allocation of costs from SunCoke as well as costs to resolve certain legal matters during 2018.

2017 compared to 2016

Corporate expenses improved $1.9 million to $15.3 million in 2017 compared to $17.2 million in 2016. The improvement was driven by lower spending on professional services and the absence of unfavorable period-over-period mark-to-market adjustments in deferred compensation driven by changes in the Partnership's unit price recorded in 2016.

Liquidity and Capital Resources

Our primary liquidity needs are to fund working capital, fund investments, service our debt, pay distributions, maintain cash reserves and replace partially or fully depreciated assets and other capital expenditures. Our sources of liquidity include cash generated from operations, borrowings under our revolving credit facility and, from time to time, debt and equity offerings. As of December 31, 2018 , we had $12.6 million of cash and $178.1 million of borrowing availability under the Partnership Revolver.

Distributions

On January 28, 2019 , our Board of Directors declared a quarterly cash distribution of $0.4000 per unit. This distribution will be paid on March 1, 2019 , to unitholders of record on February 15, 2019 .

T he Partnership anticipates it will maintain the current quarterly distribution rate of $0.4000 per unit until the closing of the Simplification Transaction, discussed in Part I and Note 1 to our consolidated financial statements. Partnership common unitholders will receive a prorated distribution per unit payable in SunCoke common shares based upon a quarterly distribution of $0.4000 per unit for the period beginning with the first day of the most recent full calendar quarter with respect to which any Partnership unitholder distribution record date has not occurred (or if there is no such full calendar quarter, then beginning with the first day of the partial calendar quarter in which the closing occurs) and ending on the day prior to the close of the Simplification Transaction.

Covenants

As of December 31, 2018 , the Partnership was in compliance with all debt covenants. We do not anticipate violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing. See Note 11 to the consolidated financial statements for details on debt covenants.

We expect the Partnership's current debt structure to remain unchanged at the time of the Simplification Transaction closing. The Simplification Transaction will not trigger any change-of-control provisions .

Credit Rating

In February 2018, S&P Global Ratings reaffirmed SunCoke's corporate family credit rating of BB- (stable). Additionally, in May 2018, Moody’s Investors Service reaffirmed SunCoke's corporate family credit rating of B1 (stable).

Cash Flow Summary

The following table sets forth a summary of the net cash provided by (used in) operating, investing and financing activities for the years ended December 31, 2018 , 2017 and 2016 :

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Net cash provided by operating activities	$ 162.8	$ 136.7	$ 183.6
Net cash used in investing activities	(60.6)	(39.0)	(35.0)
Net cash used in financing activities	(96.2)	(133.4)	(172.6)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ 6.0	$ (35.7)	$ (24.0)

Cash Provided by Operating Activities

Net cash provided by operating activities increased $26.1 million to $162.8 million in 2018 as compared to 2017. The increase was driven by a favorable year-over-year change of approximately $31 million in primary working capital, which is comprised of accounts receivable, inventories and accounts payable, primarily as a result of the timing of coal purchases and the settlement of balances with SunCoke during 2017. Additionally, the current year period benefited from $7.6 million of lower interest payments, net of capitalized interest, as a result of the Partnership's debt restructuring in the second quarter of 2017, which impacted the timing of interest payments and resulted in additional payments in 2017.

Net cash provided by operating activities decreased by $46.9 million in 2017 as compared to 2016. The decrease in operating cash flows was primarily driven by the unfavorable year-over-year change in primary working capital, of which approximately $25 million was due to fluctuating coal prices and inventory levels. Further contributing to the unfavorable year-over-year change was the payment of $7.0 million of the deferred corporate allocated costs to SunCoke during the second quarter of 2017, which had been deferred in the prior year period and higher cash interest payments during 2017 as compared to 2016 due primarily to changes in the timing of interest payments as a result of the Partnership refinancing its debt obligations.

Cash Used in Investing Activities

Net cash used in investing activities increased $21.6 million to $60.6 million in 2018 as compared to 2017. The increase was due to higher capital spending on the environmental remediation project at Granite City during 2018 as well as higher spending for ongoing capital expenditures compared to 2017.

Net cash used in investing activities increased $4.0 million to $39.0 million in 2017 compared to 2016. The increase was due to higher capital spending on the environmental remediation project at Granite City during 2017 as compared to 2016.

Cash Used in Financing Activities

Net cash used in financing activities was $96.2 million in 2018 and was primarily related to the Partnership's distribution payments to unitholders and noncontrolling interest of $88.6 million and the Partnership's repayment of $25.0 million on its revolving credit facility during the third quarter of 2018. Pursuant to the omnibus agreement, SunCoke, through the general partner, made capital contributions of $20.0 million to us during 2018 for certain known environmental remediation projects. See Note 11 to our consolidated financial statements for further discussion of debt activities.

Net cash used in financing activities was $133.4 million in 2017 and was primarily related to the Partnership's distribution payments to unitholders and noncontrolling interest of $121.9 million . Additionally, during 2017, the Partnership refinanced its debt obligations, for which the Partnership made repayments of debt, net of proceeds, of $11.5 million .

Net cash used in financing activities was $172.6 million in 2016 . In connection with the Partnership's de-levering activities, the Partnership made repayments of debt, net of proceeds from the sale-leaseback arrangement, of $61.1 million. Additionally, during 2016, the Partnership paid distributions to unitholders and noncontrolling interest of $119.9 million. The repayments of debt and distributions were partially offset by capital contributions from SunCoke of $8.4 million from the reimbursement holiday.

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 expenditure 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 to comply with environmental regulations. Ongoing capital expenditures are made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and/or to extend their useful lives and also include new equipment that improves the efficiency, reliability or effectiveness of existing assets. Ongoing capital expenditures do not include normal repairs and maintenance expenses, which are expensed as incurred;
- Environmental remediation project 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/or logistics service agreement and on which we expect to earn a reasonable return.

The following table summarizes ongoing, environmental remediation project and expansion capital expenditures:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Ongoing capital	$ 30.2	$ 18.2	$ 15.8
Environmental remediation project [1]	29.8	19.4	7.8
Expansion capital [2]	0.8	1.4	13.5
Total	$ 60.8	$ 39.0	$ 37.1

(1) Includes $3.2 million , $1.1 million and $2.7 million of capitalized interest in connection with the gas sharing projects for the years ended December 31, 2018 , 2017 and 2016 , respectively.

(2) Primarily consists of capital expenditures for the ship loader expansion project funded with cash withheld in conjunction with the acquisition of CMT. Additionally, this includes capitalized interest of $2.3 million for the year ended December 31, 2016.

In 2019, we expect our capital expenditures to be between $55 million and $60 million .

We retained an aggregate of $119 million in proceeds from our IPO and subsequent dropdowns to comply with the expected terms of a consent decree at the Haverhill and Granite City cokemaking operations. SunCoke and the Partnership anticipate spending approximately $150 million to comply with these environmental remediation projects. Pursuant to the omnibus agreement, any amounts that we spend on these projects in excess of the $119 million will be reimbursed by SunCoke. Prior to our formation, SunCoke spent approximately $7 million related to these projects. The Partnership has spent approximately $131 million to date and expects to spend the remaining capital through the first half of 2019. SunCoke has reimbursed the Partnership approximately $20 million for the estimated additional spending beyond what has previously been funded.

Contractual Obligations

The following table summarizes our significant contractual obligations as of December 31, 2018 :

		Payment Due Dates			
	Total	2019	2020-2021	2022-2023	Thereafter
	(Dollars in millions)				
Total borrowings: [1]					
Principal	$ 815.1	$ 2.8	$ 7.3	$ 105.0	$ 700.0
Interest	359.1	58.6	116.7	107.2	76.6
Operating leases [2]	1.5	1.1	0.3	0.1	—
Purchase obligations:					
Coal [3]	434.0	434.0	—	—	—
Transportation and coal handling [4]	89.1	23.6	26.2	12.9	26.4
Other [5]	7.1	2.4	2.0	1.8	0.9
Total	$ 1,705.9	$ 522.5	$ 152.5	$ 227.0	$ 803.9

(1) At December 31, 2018 , debt consists of $700.0 million of Partnership Notes, $105.0 million of Partnership Revolver and $10.1 million of Partnership Financing Obligation. Projected interest costs on variable rate instruments were calculated using market rates at December 31, 2018 .

(2) Our operating leases include leases for office space, land, locomotives, office equipment and other property and equipment. Operating leases include all operating leases that have initial noncancelable terms in excess of one year.

(3) Certain coal procurement contracts included in the table above were not executed at December 31, 2018 . We estimate these contracts to be approximately $68 million of purchase obligations in 2019 and expect these to be finalized in the first quarter of 2019 .

(4) Transportation and coal handling services consist primarily of railroad and terminal services attributable to delivery and handling of coke sales. Long-term commitments generally relate to locations for which limited transportation options exist and match the length of the related coke sales agreement.

(5) Primarily represents open purchase orders for materials, supplies and services.

A purchase obligation is an enforceable and legally binding agreement to purchase goods or services that specifies significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction. Our principal purchase obligations in the ordinary course of business consist of coal and transportation and coal handling services, including railroad services. Our coal purchase obligations are generally for terms of one year and are based on fixed prices. These purchase obligations generally include fixed or minimum volume requirements. Transportation and coal handling obligations also typically include required minimum volume commitments and are for long-term agreements. The purchase obligation amounts in the table above are based on the minimum quantities or services to be purchased at estimated prices to be paid based on current market conditions. Accordingly, the actual amounts may vary significantly from the estimates included in the table.

Off-Balance Sheet Arrangements

We have off-balance sheet arrangements, which include operating leases disclosed in Note 12 to the consolidated financial statements. Other than these arrangements, the Partnership has not entered into any transactions, agreements or other contractual arrangements that would result in material off-balance sheet liabilities.

Impact of Inflation

Although the impact of inflation has been relatively low in recent years, it is still a factor in the U.S. economy and may increase the cost to acquire or replace properties, plants, and equipment and may increase the costs of labor and supplies. To the extent permitted by competition, regulation and existing agreements, we have generally passed along increased costs to our customers in the form of higher fees. We expect to continue this practice.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon the consolidated financial statements of SunCoke Energy Partners, L.P., which have been prepared in accordance with GAAP. The preparation of these financial statements requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. Accounting for impairments is subject to significant estimates and assumptions. Although our management bases our estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, actual results may differ to some extent from the estimates on which our consolidated financial statements have been prepared at any point in time. Despite these inherent limitations, our management believes the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and consolidated financial statements and footnotes provide a meaningful and fair perspective of our financial condition.

Accounting for Impairments of Goodwill

Goodwill, which represents the excess of the purchase price over the fair value of the net assets acquired, is tested for impairment as of October 1 of each year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of the reporting unit to below its carrying value. We perform our annual goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount. We would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

The Logistics reporting unit had $73.5 million of goodwill at December 31, 2018. The step one analysis as of October 1 st resulted in the fair value of the Logistics reporting unit, which was determined based on a discounted cash flow analysis, exceeding its carrying value by approximately 30 percent . A significant portion of our logistics business holds long-term, take-or-pay contracts with Murray American Coal, Inc. ("Murray") and Foresight Energy LLC ("Foresight"). Key assumptions in our goodwill impairment test include continued customer performance against long-term, take-or-pay contracts, renewal of future long-term, take-or-pay contracts, incremental merchant business and a 14 percent discount rate representing the estimated weighted average cost of capital for this business line. The use of different assumptions, estimates or judgments, such as the estimated future cash flows of Logistics and the discount rate used to discount such cash flows, could significantly impact the estimated fair value of a reporting unit, and therefore, impact the excess fair value above carrying value of the reporting unit. A 100 basis point change in the discount rate would not have reduced the fair value of the reporting unit below its carrying value.

Recent Accounting Standards

See Note 2 to the consolidated financial statements.

Non-GAAP Financial Measures

In addition to the GAAP results provided in the Annual Report on Form 10-K, we have provided a non-GAAP financial measure, Adjusted EBITDA. Our management, as well as certain investors, uses this non-GAAP measure to analyze our current and expected future financial performance and liquidity. 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. See Note 15 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliations from GAAP to the non-GAAP measurement for 2018, 2017 and 2016.

Below are reconciliations of 2019 estimated Adjusted EBITDA from its closest GAAP measures:

	2019	
	Low	High
	(Dollars in millions)	
Net Income	$ 46	$ 61
Add:		
Depreciation and amortization expense	110	105
Interest expense	60	60
Income tax expense	2	3
Adjusted EBITDA	$ 218	$ 229
Subtract:		
Adjusted EBITDA attributable to noncontrolling interest [1]	3	4
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	$ 215	$ 225

	2019	
	Low	High
	(Dollars in millions)	
Net cash provided by operating activities	$ 145	$ 160
Add:		
Cash interest paid	60	60
Cash income taxes paid	2	3
Changes in working capital and other	11	6
Adjusted EBITDA	$ 218	$ 229
Subtract:		
Adjusted EBITDA attributable to noncontrolling interest [1]	3	4
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	$ 215	$ 225

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

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Annual Report on Form 10-K, including, among others, in the sections entitled "Risk Factors," "Quantitative and Qualitative Disclosures About Market Risk" and "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," "may," "will," "should" or the negative of these terms or similar expressions. In particular, statements in this Annual Report on Form 10-K concerning future distributions are subject to approval by our Board of Directors 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 Annual Report on Form 10-K, except as required by applicable law.

The risk factors discussed in "Risk Factors" could cause our results to differ materially from those expressed in the forward-looking statements made in this Annual Report on Form 10-K. There also may 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 logistics business, including the supply and demand for thermal and metallurgical coals;
- changes in the marketplace that may affect our cokemaking business, including the supply and demand for our coke, as well as increased imports of coke from foreign producers;
- competition from alternative steelmaking and other technologies that have the potential to reduce or eliminate the use of coke;
- our dependence on, relationships with, and other conditions affecting, our customers;
- our dependence on, relationships with, and other conditions affecting, our suppliers;
- 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 in the coal market, in the carbon steel industry, and other industries in which our customers and/or suppliers operate;
- our ability to repair aging coke ovens to maintain operational performance;
- our ability to enter into new, or renew existing, long-term agreements upon favorable terms for the sale of coke steam, or electric power, or for coal handling services (including transportation, storage and mixing);
- our ability to identify acquisitions, execute them under favorable terms and integrate them into our existing business operations;
- our ability to realize expected benefits from investments and acquisitions;
- 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;
- 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;

- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking and/or 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 standards in our coke sales agreements;
- 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;
- our ability to comply with applicable federal, state or local laws and regulations, including, but not limited to, those relating to environmental matters;
- 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 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 or regulated media (including equipment malfunction, explosions, fires, spills, impoundment failure and the effects of severe weather conditions);
- effects of adverse events relating to the business or commercial operations of our customers and/or suppliers;
- disruption in our information technology infrastructure and/or loss of our ability to securely store, maintain, or transmit data due to security breach by hackers, employee error or malfeasance, terrorist attack, power loss, telecommunications failure or other events;
- our ability to enter into joint ventures and other similar arrangements under favorable terms;
- our ability to consummate assets sales, other divestitures and strategic restructuring in a timely manner upon favorable terms, and/or realize the anticipated benefits from such actions;
- changes in the availability and cost of equity and debt financing;
- impacts 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;
- proposed or final changes in existing, or new, statutes, regulations, rules, governmental policies and taxes, or their interpretations, including those relating to environmental matters and taxes;
- the existence of hazardous substances or other environmental contamination on property owned or used by us;
- receipt of required permits and other regulatory approvals and compliance with contractual obligations in connection with our cokemaking and /or logistics operations;
- risks related to environmental compliance;
- claims of noncompliance with any statutory or regulatory requirements;
- the accuracy of our estimates of any necessary reclamation and/or remediation activities;
- proposed or final changes in accounting and/or tax methodologies, laws, regulations, rules, or policies, or their interpretations, including those affecting inventories, leases, income, or other matters;
- our indebtedness and certain covenants in our debt documents;
- changes in product specifications for the coke that we produce or the coals that we mix, store and transport;

- 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;
- inadequate protection of our intellectual property rights; 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 Annual Report on Form 10-K are expressly qualified in their entirety by the foregoing cautionary statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our primary areas of market risk include changes in the price of coal, which is the key raw material for our cokemaking business and interest rates. We do not enter into any market risk sensitive instruments for trading purposes.

Price of coal

We did not use derivatives to hedge any of our coal purchases. Although we have not previously done so, we may enter into derivative financial instruments from time to time in the future to economically manage our exposure related to these market risks.

The largest component of the price of our coke is coal cost. However, under the coke sales agreements at all of our cokemaking facilities, coal costs are a pass-through component of the coke price, provided that we are able to realize certain targeted coal-to-coke yields. As such, when targeted coal-to-coke yields are achieved, the price of coal is not a significant determining factor in the profitability of these facilities.

The provisions of our coke sales agreements require us to meet minimum production levels and generally require us to secure replacement coke supplies at the prevailing market price if we do not meet contractual minimum volumes. Because market prices for coke are generally highly correlated to market prices for metallurgical coal, to the extent any of our facilities are unable to produce their contractual minimum volumes, we are subject to market risk related to the procurement of replacement supplies.

Interest Rates

We are exposed to changes in interest rates as a result of our borrowing activities and our cash balances. The daily average outstanding balance on borrowings with variable interest rates was $127.9 million and $184.3 million during the years ended December 31, 2018 and 2017 , respectively. Assuming a 50 basis point change in LIBOR, interest expense would have been impacted by $0.6 million and $0.9 million in 2018 and 2017 , respectively. At December 31, 2018 , we had outstanding borrowings with variable interest rates of $105.0 million under the Partnership Revolver.

At December 31, 2018 and 2017 , we had cash and cash equivalents of $12.6 million and $6.6 million , respectively, which accrues interest at various rates. Assuming a 50 basis point change in the rate of interest associated with our cash and cash equivalents, interest income would have been impacted by zero and $0.1 million for the years ended December 31, 2018 and 2017 .

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the unitholders and board of directors

SunCoke Energy Partners L.P.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of SunCoke Energy Partners, L.P., and subsidiaries (the "Partnership") as of December 31, 2018 and 2017, the related consolidated statements of operations, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the "consolidated financial statements"). We also have audited the Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinion

The Partnership's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's consolidated financial statements and an opinion on the Partnership's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

We have served as the Partnership's auditor since 2015.

Chicago, Illinois

February 15, 2019

SunCoke Energy Partners, L.P.
Consolidated Statements of Operations

	Years Ended December 31,		
	2018	2017	2016
	(Dollars and units in millions, except per unit amounts)		
Revenues			
Sales and other operating revenue	$ 892.1	$ 845.6	$ 779.7
Costs and operating expenses			
Cost of products sold and operating expenses	648.9	586.7	517.2
Selling, general and administrative expenses	33.6	32.5	38.7
Depreciation and amortization expense	92.4	83.6	77.7
Total costs and operating expenses	774.9	702.8	633.6
Operating income	117.2	142.8	146.1
Interest expense, net	59.4	56.4	47.7
Loss (gain) on extinguishment of debt, net	—	20.0	(25.0)
Income before income tax (benefit) expense	57.8	66.4	123.4
Income tax (benefit) expense	(1.6)	83.9	2.0
Net income (loss)	59.4	(17.5)	121.4
Less: Net income attributable to noncontrolling interests	1.9	0.6	2.3
Net income (loss) attributable to SunCoke Energy Partners, L.P.	57.5	(18.1)	119.1
General partner's interest in net income	$ 1.2	$ 7.1	$ 23.6
Limited partners' interest in net income (loss)	$ 56.3	$ (25.2)	$ 95.5
Net income (loss) per common unit (basic and diluted)	$ 1.22	$ (0.54)	$ 2.07
Weighted average common units outstanding (basic and diluted)	46.2	46.2	46.2

(See Accompanying Notes)

SunCoke Energy Partners, L.P.
Consolidated Balance Sheets

	December 31,	
	2018	2017
	(Dollars in millions)	
Assets		
Cash and cash equivalents	$ 12.6	$ 6.6
Receivables	48.8	42.2
Receivables from affiliates, net	3.1	5.7
Inventories	79.0	79.4
Other current assets	1.0	1.9
Total current assets	144.5	135.8
Properties, plants and equipment (net of accumulated depreciation of $499.9 million, and $423.1 million at December 31, 2018 and 2017, respectively)	1,245.1	1,265.6
Goodwill	73.5	73.5
Other intangible assets	155.8	166.2
Deferred charges and other assets	0.2	0.3
Total assets	$ 1,619.1	$ 1,641.4
Liabilities and Equity		
Accounts payable	$ 68.8	$ 54.9
Accrued liabilities	13.5	14.6
Deferred revenue	3.0	1.7
Current portion of long-term debt and financing obligation	2.8	2.6
Interest payable	3.2	4.0
Total current liabilities	91.3	77.8
Long-term debt and financing obligation	793.3	818.4
Deferred income taxes	115.7	119.2
Other deferred credits and liabilities	12.1	10.1
Total liabilities	1,012.4	1,025.5
Equity		
Held by public:		
Common units 17,727,249, and 17,958,420 units issued at December 31, 2018 and 2017, respectively)	194.1	207.0
Held by parent:		
Common units 28,499,899 and 28,268,728 units issued at December 31, 2018 and 2017, respectively)	351.6	365.4
General partner's interest	49.3	31.2
Partners’ capital attributable to SunCoke Energy Partners, L.P.	595.0	603.6
Noncontrolling interest	11.7	12.3
Total equity	606.7	615.9
Total liabilities and equity	$ 1,619.1	$ 1,641.4

(See Accompanying Notes)

SunCoke Energy Partners, L.P.
Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Cash Flows from Operating Activities:			
Net income (loss)	$ 59.4	$ (17.5)	$ 121.4
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	92.4	83.6	77.7
Deferred income tax (benefit) expense	(3.5)	81.3	(0.1)
Loss (gain) on extinguishment of debt	—	20.0	(25.0)
Changes in working capital pertaining to operating activities:			
Receivables	(6.6)	(2.5)	0.3
Receivables from affiliates, net	2.6	(9.0)	4.7
Inventories	0.4	(12.5)	10.2
Accounts payable	13.2	3.1	2.3
Accrued liabilities	(0.9)	2.7	0.5
Deferred revenue	1.3	(0.8)	0.4
Interest payable	(0.8)	(10.7)	(2.8)
Other	5.3	(1.0)	(6.0)
Net cash provided by operating activities	162.8	136.7	183.6
Cash Flows from Investing Activities:			
Capital expenditures	(60.8)	(39.0)	(37.1)
Other investing activities	0.2	—	2.1
Net cash used in investing activities	(60.6)	(39.0)	(35.0)
Cash Flows from Financing Activities:			
Proceeds from issuance of common units, net of offering costs	—	—	—
Proceeds from issuance of long-term debt	—	693.7	—
Repayment of long-term debt	—	(644.9)	(66.1)
Debt issuance costs	—	(15.8)	(0.2)
Proceeds from revolving credit facility	179.5	350.0	28.0
Repayment of revolving credit facility	(204.5)	(392.0)	(38.0)
Proceeds from financing obligation	—	—	16.2
Repayment of financing obligation	(2.6)	(2.5)	(1.0)
Distributions to unitholders (public and parent)	(86.1)	(119.2)	(116.4)
Distributions to noncontrolling interest (SunCoke Energy, Inc.)	(2.5)	(2.7)	(3.5)
Capital contributions from SunCoke	20.0	—	8.4
Net cash used in financing activities	(96.2)	(133.4)	(172.6)
Net increase (decrease) in cash and cash equivalents and restricted cash	6.0	(35.7)	(24.0)
Cash, cash equivalents and restricted cash at beginning of year	6.6	42.3	66.3
Cash, cash equivalents and restricted cash at end of year	$ 12.6	$ 6.6	$ 42.3
Supplemental Disclosure of Cash Flow Information			
Interest paid, net of capitalized interest of $3.2 million, $1.1 million and $5.0 million, respectively	$ 56.9	$ 64.5	$ 49.0
Income taxes paid	$ 2.9	$ 1.4	$ 1.5

(See Accompanying Notes)

SunCoke Energy Partners, L.P.
Consolidated Statements of Equity

	Common - Public	Common - SunCoke	Subordinated - SunCoke	General Partner - SunCoke	Non- controlling Interest	Total
	(Dollars in millions)					
At December 31, 2015	$ 300.0	$ 211.0	$ 203.3	$ 15.1	$ 15.6	$ 745.0
Partnership net income	46.1	49.4	—	23.6	2.3	121.4
Conversion of subordinated units to common units	—	203.3	(203.3)	—	—	—
Distribution to unitholders, net of unit issuances	(49.2)	(60.4)	—	(8.0)	—	(117.6)
Distribution to noncontrolling interest	—	—	—	—	(3.5)	(3.5)
SunCoke capital contributions	—	7.0	—	1.4	—	8.4
At December 31, 2016	$ 296.9	$ 410.3	$ —	$ 32.1	$ 14.4	$ 753.7
Partnership net (loss) income	(13.5)	(11.7)	—	7.1	0.6	(17.5)
Distribution to unitholders, net of unit issuances	(46.8)	(62.8)	—	(8.0)	—	(117.6)
Public units acquired by SunCoke	(29.6)	29.6	—	—	—	—
Distribution to noncontrolling interest	—	—	—	—	(2.7)	(2.7)
At December 31, 2017	$ 207.0	$ 365.4	$ —	$ 31.2	$ 12.3	$ 615.9
Partnership net income	21.7	34.6	—	1.2	1.9	59.4
Distribution to unitholders	(31.9)	(51.1)	—	(3.1)	—	(86.1)
Distributions to noncontrolling interest	—	—	—	—	(2.5)	(2.5)
Public units acquired by SunCoke	(2.7)	2.7	—	—	—	—
SunCoke capital contributions	—	—	—	20.0	—	20.0
At December 31, 2018	$ 194.1	$ 351.6	$ —	$ 49.3	$ 11.7	$ 606.7

(See Accompanying Notes)

SunCoke Energy Partners, L.P.

Notes to Consolidated Financial Statements

1. General

Description of Business

SunCoke Energy Partners, L.P., (the "Partnership," "we," "our" and "us"), primarily produces coke used in the blast furnace production of steel. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. We also provide handling and/or mixing services of coal and other aggregates at our logistics terminals.

At December 31, 2018 , we owned a 98 percent interest in Haverhill Coke Company LLC ("Haverhill"), Middletown Coke Company, LLC ("Middletown") and Gateway Energy and Coke Company, LLC ("Granite City") and SunCoke Energy, Inc. ("SunCoke") owned the remaining 2 percent interest in each of Haverhill, Middletown, and Granite City. The Partnership also owns a 100 percent interest in all of its logistics terminals. Through its subsidiary, SunCoke owned a 60.4 percent limited partnership interest in us and indirectly owned and controls our general partner, which holds a 2 percent general partner interest in us and all of our incentive distribution rights ("IDRs").

Our cokemaking ovens have collective capacity to produce 2.3 million tons of coke annually and 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. We have constructed the only greenfield cokemaking facilities in the United States ("U.S.") in approximately 30 years and are the only North American coke producer that utilizes heat recovery technology in the cokemaking process. We provide steam pursuant to steam supply and purchase agreements with our customers. Electricity is sold into the regional power market or pursuant to energy sales agreements.

Our logistics business provides coal handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility and coal mining customers. The logistics business has terminals in Indiana, West Virginia, and Louisiana with the collective capacity to mix and/or transload more than 40 million tons of coal annually and has total storage capacity of approximately 3 million tons.

On February 5, 2019, SunCoke and the Partnership announced that they have entered into a definitive agreement whereby SunCoke will acquire all outstanding common units of the Partnership not already owned by SunCoke in a stock-for-unit merger transaction (the "Simplification Transaction"). Pursuant to the terms of this agreement ("Merger Agreement"), Partnership unaffiliated common unitholders will receive 1.40 SunCoke common shares, plus a fraction of a SunCoke common share based on a ratio as further described in the Merger Agreement, for each Partnership common unit. On behalf of the Partnership and its public unitholders, the terms of the Simplification Transaction were negotiated, reviewed and approved by the conflicts committee of the Board of Directors of the Partnership's general partner, which consisted solely of independent directors. The transaction was approved by the Board of Directors of the general partner of the Partnership and the Board of Directors of SunCoke.

Following completion of the Simplification Transaction, the Partnership will become a wholly-owned subsidiary of SunCoke, the Partnership's common units will cease to be publicly traded and the Partnership's IDRs will be eliminated. The Simplification Transaction is expected to close late in the second quarter of 2019 or early in the third quarter of 2019, subject to customary closing conditions, including the approval by holders of a majority of the outstanding SunCoke common shares and Partnership common units, as well as customary regulatory approvals. SunCoke indirectly owns the majority of the Partnership common units, which is sufficient to approve the transaction on behalf of the holders of Partnership common units.

We were organized in Delaware in 2012 and are headquartered in Lisle, Illinois. We became a publicly-traded partnership in 2013, and our stock is listed on the New York Stock Exchange ("NYSE") under the symbol "SXCP."

Consolidation and Basis of Presentation

The consolidated financial statements of the Partnership and its subsidiaries were prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") and include the assets, liabilities, revenues and expenses of the Partnership and all subsidiaries where we have a controlling financial interest. Intercompany transactions and balances have been eliminated in consolidation. Net income attributable to noncontrolling interest represents SunCoke's respective ownership interest in Haverhill, Middletown and Granite City during years ended December 31, 2018 , 2017 and 2016 .

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from these estimates.

Reclassifications

Certain amounts in the prior period consolidated financial statements have been reclassified to conform to the current year presentation. See "Recently Adopted Accounting Pronouncements" for further details.

Revenue Recognition

The Partnership sells coke as well as steam and electricity and also provides mixing and handling services of coal and other aggregates. See Note Note 14 .

Substantially all of the coke produced by the Partnership is sold pursuant to long-term contracts with its customers. The Partnership evaluates each of its contracts to determine whether the arrangement contains a lease under the applicable accounting standards. If the specific facts and circumstances indicate that it is remote that parties other than the contracted customer will take more than a minor amount of the coke that will be produced by the property, plant and equipment during the term of the coke supply agreement, and the price that the customer is paying for the coke is neither contractually fixed per unit nor equal to the current market price per unit at the time of delivery, then the long-term contract is deemed to contain a lease. The lease component of the price of coke represents the rental payment for the use of the property, plant and equipment, and all such payments are accounted for as contingent rentals as they are only earned by the Partnership when the coke is delivered and title passes to the customer. The total amount of revenue recognized by the Partnership for these contingent rentals represents less than 10 percent of sales and other operating revenues for each of the years ended December 31, 2018 , 2017 and 2016 . Upon adoption of Accounting Standard Codification ("ASC") 842, "Leases" in 2019, these long-term contracts to sell coke will no longer be deemed to contain operating leases.

Cash Equivalents

The Partnership considers all highly liquid investments with a remaining maturity of three months or less at the time of purchase to be cash equivalents. These cash equivalents consist principally of money market investments.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method, except for the Partnership’s materials and supplies inventory, which are determined using the average-cost method. The Partnership utilizes the selling prices under its long-term coke supply contracts to record lower of cost or net realizable value inventory adjustments.

Properties, Plants and Equipment

Plants and equipment are depreciated on a straight-line basis over their estimated useful lives. Coke and energy plant, machinery and equipment are generally depreciated over 25 to 30 years . Logistics plant and equipment are generally depreciated over 15 to 35 years . Depreciation and amortization is excluded from cost of products sold and operating expenses and is presented separately in the Consolidated Statements of Operations. Gains and losses on the disposal or retirement of fixed assets are reflected in earnings when the assets are sold or retired. Amounts incurred that extend an asset’s useful life, increase its productivity or add production capacity are capitalized. The Partnership accounts for changes in useful lives, when appropriate, as a change in estimate, with prospective application only. The Partnership capitalized interest of $3.2 million , $1.1 million and $5.0 million in 2018 , 2017 and 2016 , respectively. Direct costs, such as outside labor, materials, internal payroll and benefits costs, incurred during capital projects are capitalized; indirect costs are not capitalized. Normal repairs and maintenance costs are expensed as incurred.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. A long-lived asset, or group of assets, is considered to be impaired when the undiscounted net cash flows expected to be generated by the asset are less than its carrying amount. Such estimated future cash flows are highly subjective and are based on numerous assumptions about future operations and market conditions. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the impaired asset, or group of assets. It is also difficult to precisely estimate fair market value because quoted market prices for

our long-lived assets may not be readily available. Therefore, fair market value is generally based on the present values of estimated future cash flows using discount rates commensurate with the risks associated with the assets being reviewed for impairment.

Goodwill and Other Intangibles

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is tested for impairment as of October 1 of each year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit to below its carrying value. The Partnership performs its annual goodwill impairment test by comparing the fair value of the reporting unit with its carrying amount. The Partnership would recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. See Note 9 .

Intangible assets are primarily comprised of permits, customer contracts and customer relationships. Intangible assets are amortized over their useful lives in a manner that reflects the pattern in which the economic benefit of the intangible asset is consumed. Intangible assets are assessed for impairment when a triggering event occurs.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the asset and depreciated over its remaining estimated useful life. At December 31, 2018 and 2017 , Granite City had asset retirement obligations of $7.0 million and $6.5 million , respectively, primarily related to costs associated with restoring land to its original state, which are included in other deferred credits and liabilities on the Consolidated Balance Sheets.

Shipping and Handling Costs

Shipping and handling costs are included in cost of products sold and operating expenses on the Consolidated Statements of Operations and are generally passed through to our customers. The Partnership has elected the practical expedient under ASC 606, "Revenue from Contracts with Customers", to account for shipping and handling activities as a promise to fulfill the transfer of coke.

Income Taxes

Deferred tax asset and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are projected to be recovered or settled.

The Partnership recognizes uncertain tax positions in its financial statements when minimum recognition threshold and measurement attributes are met in accordance with current accounting guidance. See Note 6 .

Fair Value Measurements

The Partnership determines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As required, the Partnership utilizes valuation techniques that maximize the use of observable inputs (levels 1 and 2) and minimize the use of unobservable inputs (level 3) within the fair value hierarchy included in current accounting guidance. Assets and liabilities are classified within the fair value hierarchy based on the lowest level (least observable) input that is significant to the measurement in its entirety. See Note 13 .

Recently Adopted Accounting Pronouncements

In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)," and requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Partnership adopted this standard on January 1, 2018, using the modified retrospective method with no material impact on our revenue recognition model on an annual basis. See Note 14 .

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted cash." The Partnership retrospectively adopted this ASU in the first quarter 2018 and modified the cash flow presentation to include restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Historical restricted cash balances were related to cash withheld from the 2015 acquisition of CMT to fund the completion of certain expansion capital improvements, and the related immaterial impacts

have been reclassified on the statement of cash flows for the years ended December 31, 2017 and 2016. The restricted cash balance was zero at both December 31, 2018 and December 31, 2017.

Recently Issued Pronouncements

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires leases to be recognized as assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. Subsequently, the FASB has issued various ASUs to provide further clarification around certain aspects of ASC 842, "Leases" . This standard is effective for annual and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. A multi-disciplined implementation team has gained an understanding of the accounting and disclosure provisions of the standard and analyzed the impacts to our business, including the development of new accounting processes to account for our leases and support the required disclosures. We have implemented a technology tool to assist with the accounting and reporting requirements of this standard. While we are still finalizing the impact of adopting this standard, we expect that upon adoption the right-of-use assets and lease liabilities, such as land, the lease of our corporate office space and certain equipment rentals, will increase the reported assets and liabilities on our Consolidated Balance Sheets by less than $5 million. The Partnership adopted this standard on January 1, 2019, by applying the modified retrospective transition approach and electing not to adjust prior comparative periods.

Labor Concentrations

We are managed and operated by the officers of our general partner. Our operating personnel are employees of our operating subsidiaries. Our operating subsidiaries had approximately 545 employees at December 31, 2018. Approximately 43 percent of our operating subsidiaries' employees are represented by the United Steelworkers union. Additionally, approximately 5 percent are represented by the International Union of Operating Engineers. The labor agreements at KRT, Lake Terminal and Haverhill will expire on April 30, 2019, June 30, 2019 and November 1, 2019, respectively. We will negotiate the renewal of these agreements in 2019 and do not anticipate any work stoppages.

3. Related Party Transactions

Transactions with Affiliate

Logistics provides coal handling and mixing services to certain SunCoke cokemaking operations. During 2018 , 2017 , and 2016 , Logistics recorded $13.1 million , $17.3 million and $17.1 million , respectively, in revenues derived from services provided to SunCoke’s cokemaking operations. The Partnership also purchased coal and other services from SunCoke and its affiliates totaling $4.8 million in 2016 .

Allocated Expenses

We were allocated expenses of $27.2 million , $27.6 million and $27.9 million in 2018 , 2017 and 2016 , respectively, for services provided to us by SunCoke. SunCoke centrally provides engineering, operations, procurement and information technology support to its facilities. In addition, allocated costs include legal, accounting, tax, treasury, insurance, employee benefit costs, communications and human resources. Corporate allocations are recorded based upon the omnibus agreement under which SunCoke will continue to provide us with certain support services. SunCoke will charge us for all direct costs and expenses incurred on our behalf and a fee associated with support services provided to our operations.

In the first half of 2016 , SunCoke took certain actions to support the Partnership's strategy to de-lever its balance sheet and maintain a solid liquidity position. During the first quarter of 2016 , SunCoke provided a "reimbursement holiday" on the $7.0 million of corporate costs allocated to the Partnership and also returned its $1.4 million IDR cash distribution to the Partnership ("IDR giveback"), resulting in capital contributions of $8.4 million . During the second quarter of 2016 , SunCoke provided the Partnership with deferred payment terms until April 2017 on the reimbursement of the $7.0 million of allocated corporate costs to the Partnership and the $1.4 million IDR cash distribution, resulting in an outstanding payable to SunCoke of $8.4 million included in payable to affiliate, net on the Consolidated Balance Sheets as of December 31, 2016. During 2017, the Partnership paid the amounts due to SunCoke.

Omnibus Agreement

In connection with the closing of our initial public offering ("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 U.S. and Canada. SunCoke has preferential rights to all other business opportunities.

Environmental Indemnity. SunCoke will indemnify us to the full extent of any remediation at the Haverhill, Middletown and Granite City cokemaking facilities arising from any known environmental matter discovered and identified as requiring remediation prior to the closing of the IPO and the Granite City Dropdown, respectively. In connection with the IPO and subsequent asset dropdowns, SunCoke has contributed $119 million in partial satisfaction of this obligation and contributed an additional $20 million during 2018. SunCoke will reimburse us for additional spending in excess of $139 million as required for such known remediation obligations.

Other Indemnification. SunCoke will fully indemnify us with respect to any additional tax liability related to periods prior to or in connection with the closing of the IPO or the Granite City Dropdown to the extent not currently presented on the Consolidated Balance Sheets. 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 or the Granite City Dropdown to the extent that those defects interfere with or could reasonably be expected to interfere with the operations of the related cokemaking facilities. We 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 corporate and other services, and we will reimburse SunCoke for all direct costs and expenses incurred on our behalf and a portion of corporate and other costs and expenses attributable to our operations. SunCoke may consider providing additional support to the Partnership in the future by providing a corporate cost reimbursement holiday, whereby the Partnership would not be required to reimburse SunCoke for costs. 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.

4. Customer Concentrations

In 2018 , the Partnership sold approximately 2.2 million tons of coke under long-term take-or-pay contracts to its three primary customers: AK Steel Corporation ("AK Steel"), ArcelorMittal USA LLC and/or its affiliates (“AM USA”) and United States Steel Corporation ("U.S. Steel").

The table below shows sales to the Partnership's significant customers:

	Years ended December 31,					
	2018		2017		2016	
	Sales and other operating revenue	Percent of Partnership sales and other operating revenue	Sales and other operating revenue	Percent of Partnership sales and other operating revenue	Sales and other operating revenue	Percent of Partnership sales and other operating revenue
	(Dollars in millions)					
AM USA [1]	$ 171.9	19.3%	$ 182.4	21.6%	$ 142.5	18.3%
AK Steel [1]	$ 377.9	42.4%	$ 331.3	39.2%	$ 350.0	44.9%
U.S. Steel [2]	$ 206.8	23.2%	$ 214.1	25.3%	$ 185.3	23.8%

(1) Represents revenues included in our Domestic Coke segment.

(2) Represents revenues included in our Domestic Coke and Logistics segments.

The Partnership generally does not require any collateral with respect to its receivables. At December 31, 2018 , the Partnership’s receivables balances were primarily due from AM USA, AK Steel and U.S. Steel. As a result, the Partnership experiences concentrations of credit risk in its receivables with these three customers. These concentrations of credit risk may be affected by changes in economic or other conditions affecting the steel industry.

The table below shows receivables due from the Partnership's significant customers:

	December 31,	
	2018	2017
	(Dollars in millions)	
AM USA	$ 8.4	$ 7.0
AK Steel	$ 25.3	$ 13.2
U.S. Steel	$ 5.2	$ 5.6

Our logistics business provides coal handling and storage services to Murray Energy Corporation, Inc. ("Murray") and Foresight Energy LLC ("Foresight"), who are the two primary customers in the Logistics segment.

The table below shows sales to Murray and Foresight:

	Years ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Sales and other operating revenue	$ 62.5	$ 57.8	$ 53.5
Percent of Partnership sales and other operating revenue	7.0%	6.8%	6.9%
Percent of Logistics segment sales and other operating revenue, including intersegment sales	51.1%	51.4%	51.4%

The table below shows receivables due from Murray and Foresight:

	December 31,	
	2018	2017
	(Dollars in millions)	
Murray and Foresight	$ 3.2	$ 9.7

5. Net Income Per Unit and Cash Distribution

Cash Distributions

The Partnership distributes available cash on or about the first day of each of March, June, September and December to the holders of record of common units on or about the 15th day of each such month. Available cash is generally all cash on hand, less reserves established by the general partner in its discretion. Our general partner has broad discretion to establish cash reserves that it determines are necessary or appropriate for the proper conduct of Partnership's business.

The Partnership intends to make quarterly distributions, to the extent there is sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to the general partner. Our general partner's board of directors will evaluate the appropriate level of cash distributions on a quarterly basis. There is no guarantee that the Partnership will pay a quarterly distribution on the common units in any quarter. Additionally, the Partnership will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default exists, under the credit facility or the senior notes. See Note 11 .

In general, the Partnership pays cash distributions each quarter to our unitholders and our general partner according to the following percentage allocations:

			Marginal Percentage Interest in Distributions	
	Total Quarterly Distribution Per Unit Amount		Unitholders	General Partner
First Target Distribution		up to $0.412500	98%	2%
Second Target Distribution	above $0.474375	up to $0.515625	85%	15%
Third Target Distribution	above $0.515625	up to $0.618750	75%	25%
Thereafter		above $0.618750	50%	50%

Our distributions are declared subsequent to quarter end. The table below represents total cash distributions applicable to the period in which the distributions were earned:

Earned in Quarter Ended	Total Quarterly Distribution Per Unit	Total Cash Distribution, including general partner's IDRs	Date of Distribution	Unitholders Record Date
		(Dollars in millions)		
December 31, 2017	$ 0.5940	$ 29.5	March 1, 2018	February 15, 2018
March 31, 2018	$ 0.4000	$ 18.9	June 1, 2018	May 15, 2018
June 30, 2018	$ 0.4000	$ 18.9	September 4, 2018	August 15, 2018
September 30, 2018	$ 0.4000	$ 18.9	December 3, 2018	November 15, 2018
December 31, 2018 (1)	$ 0.4000	$ 18.9	March 1, 2019	February 15, 2019

(1) On January 28, 2019 , our Board of Directors declared a cash distribution of $0.4000 per unit. The distribution will be paid on March 1, 2019 , to unitholders of record on February 15, 2019 .

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 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 general and limited partners was as follows:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Net income (loss) attributable to SunCoke Energy Partners L.P.	$ 57.5	$ (18.1)	$ 119.1
Less: Expense allocated to Common - SunCoke (1)	—	—	(7.0)
Net income (loss) attributable to partners	57.5	(18.1)	126.1
General partner's incentive distribution rights	—	7.5	21.0
Net income (loss) attributable to partners, excluding incentive distribution rights	57.5	(25.6)	105.1
General partner's ownership interest	2.0%	2.0%	2.0%
General partner's allocated interest in net income (loss) (2)	1.2	(0.4)	2.6
General partner's incentive distribution rights	—	7.5	21.0
Total general partner's interest in net income	$ 1.2	$ 7.1	$ 23.6
Common - public unitholder's interest in net income (loss)	$ 21.6	$ (13.5)	$ 46.1
Common - SunCoke interest in net income (loss):			
Common - SunCoke interest in net income (loss)	34.7	(11.7)	56.4
Expenses allocated to Common - SunCoke (1)	—	—	(7.0)
Total common - SunCoke interest in net income (loss)	34.7	(11.7)	49.4
Total limited partners' interest in net income (loss)	$ 56.3	$ (25.2)	$ 95.5

(1) Per the amended partnership agreement, expenses paid on behalf of the Partnership are to be allocated entirely to the partner who paid them. During the first quarter of 2016 , SunCoke paid $7.0 million of allocated corporate costs on behalf of the Partnership and will not seek reimbursement for those costs. See Note 3 . These expenses are recorded as a direct reduction to SunCoke's interest in net income for the year ended December 31, 2016 .

(2) 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. The table above represents a simplified presentation of the calculation, and therefore, amounts may not recalculate precisely.

Earnings Per Unit

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. Distributions less than or greater than earnings are allocated in accordance with our partnership agreement. 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.

In addition to the common units, we have also 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 earnings per unit is as follows:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions, except per unit amounts)		
Net income (loss) attributable to SunCoke Energy Partners L.P.	$ 57.5	$ (18.1)	$ 119.1
Less: Expense allocated to Common - SunCoke [1]	—	—	(7.0)
Net income (loss) attributable to all partners	57.5	(18.1)	126.1
General partner's distributions (including zero, $5.6 million and $5.6 million of cash incentive distribution rights declared, respectively)	1.6	8.0	8.0
Limited partners' distributions on common units	73.8	109.8	109.8
Distributions (greater than) less than earnings	(17.9)	(135.9)	8.3
General partner's earnings:			
Distributions (including zero, $5.6 million and $5.6 million of cash incentive distribution rights declared, respectively)	1.6	8.0	8.0
Allocation of distributions (greater than) less than earnings	(0.4)	(0.9)	15.6
Total general partner's earnings	1.2	7.1	23.6
Limited partners' earnings on common units:			
Distributions	73.8	109.8	109.8
Expenses allocated to Common - SunCoke	—	—	(7.0)
Allocation of distributions (greater than) less than earnings	(17.5)	(135.0)	(7.3)
Total limited partners' earnings on common units	56.3	(25.2)	95.5
Weighted average limited partner units outstanding:			
Common - basic and diluted	46.2	46.2	46.2
Net income per limited partner unit:			
Common - basic and diluted	$ 1.22	$ (0.54)	$ 2.07

(1) Per the amended partnership agreement, expenses paid on behalf of the Partnership are to be allocated entirely to the partner who paid them. During the first quarter of 2016 , SunCoke paid $7.0 million of allocated corporate costs on behalf of the Partnership and will not seek reimbursement for those costs. See Note 3 . These expenses are recorded as a direct reduction to SunCoke's interest in net income for the year ended December 31, 2016 .

Unit Activity

Unit activity for the years ended December 31, 2018 , 2017 and 2016 is as follows:

	Common - Public	Common - SunCoke	Total Common	Subordinated - SunCoke
At December 31, 2015	20,787,744	9,705,999	30,493,743	15,709,697
Units issued to directors	12,437	—	12,437	—
Conversion of subordinate units to common units [(1)]	—	15,709,697	15,709,697	(15,709,697)
At December 31, 2016	20,800,181	25,415,696	46,215,877	—
Units issued to directors	11,271	—	11,271	—
Common units acquired by SunCoke	(2,853,032)	2,853,032	—	—
At December 31, 2017	17,958,420	28,268,728	46,227,148	—
Common Units acquired by SunCoke	(231,171)	231,171	—	—
At December 31, 2018	17,727,249	28,499,899	46,227,148	—

(1) Upon payment of the cash distribution for the fourth quarter of 2015, the financial requirements for the conversion of all subordinated units were satisfied. As a result, the 15,709,697 subordinated units converted into common units on a one-for-one basis in 2016.

6. Income Taxes

The Partnership is a limited partnership for tax purposes, and as such is generally not subject to federal or state income tax.

In January 2017, the IRS issued final regulations (the "Final Regulations") under section 7704(d)(1)(E) of the Internal Revenue Code, which excluded cokemaking as a qualifying income activity for purposes of the qualifying income exception for publicly traded partnerships. Subsequent to the 10-year transition period under the Final Regulations, certain cokemaking entities in the Partnership will become taxable as corporations.

The Partnership also holds an interest in Gateway Cogeneration Company, LLC, which is subject to income taxes for both federal and state tax purposes. In addition to Granite City, the Middletown operations in the Partnership are subject to state and local income taxes.

The components of income tax (benefit) expense are as follows:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Current tax expense:			
U.S. federal	$ 0.7	$ 1.7	$ 2.1
U.S. state and local	1.2	0.9	—
Total current tax expense	1.9	2.6	2.1
Deferred tax (benefit) expense:			
U.S. federal	(3.4)	72.5	(1.1)
U.S. state and local	(0.1)	8.8	1.0
Total deferred tax (benefit) expense	(3.5)	81.3	(0.1)
Total	$ (1.6)	$ 83.9	$ 2.0

The reconciliation of Partnership income tax (benefit) expense at the U.S. statutory rate is as follows:

	Years Ended December 31,					
	2018		2017		2016	
	(Dollars in millions)					
Income tax expense at U.S. statutory rate	$ 12.1	21.0 %	$ 23.3	35.0 %	$ 43.2	35.0 %
(Reduction) increase in income taxes resulting from:						
Impact of Final Regulations [1]	(3.6)	(6.2)%	148.6	223.5 %	—	— %
Impact of Tax Legislation [2]	—	— %	(68.8)	(103.1)%	—	— %
Partnership income not subject to tax	(11.2)	(19.4)%	(21.8)	(32.8)%	(42.2)	(34.1)%
State and local tax for Middletown and Granite City operations	1.1	1.8 %	2.6	3.7 %	1.2	0.9 %
Other	—	— %	—	— %	(0.2)	(0.2)%
Total tax provision	$ (1.6)	(2.8)%	$ 83.9	126.3 %	$ 2.0	1.6 %

(1) As a result of the Final Regulations discussed above, the Partnership recorded a deferred income tax benefit of $3.6 million and $148.6 million related to its changes in its projected deferred tax liability associated with projected book to tax differences at the end of the 10-year transition period in 2018 and 2017, respectively. The benefit recorded in 2018 was driven by current period additions and changes in estimated useful lives of certain assets.

(2) On December 22, 2017, the Tax Legislation was enacted. The Tax Legislation significantly revised the U.S. corporate income tax structure, including lowering corporate income tax rates. As a result, the Partnership recorded an income tax benefit of $68.8 million for the remeasurement of its U.S. deferred income tax liabilities, reversing a portion of the deferred income tax expense recorded from the Final Regulations in the first quarter of 2017.

The temporary differences that comprise the net deferred income tax assets and liabilities are as follows:

	December 31,	
	2018	2017
	(Dollars in millions)	
Deferred tax assets	$ —	$ —
Deferred tax liabilities:		
Properties, plants and equipment	(114.7)	(118.4)
Other liabilities	(1.0)	(0.8)
Total deferred tax liabilities	(115.7)	(119.2)
Net deferred tax liability	$ (115.7)	$ (119.2)

The Partnership is currently open to examination under statute by the IRS for the tax years ended December 31, 2015 and forward. State and local income tax returns are generally subject to examination for a period of three years after filing of the respective returns. Pursuant to the omnibus agreement, SunCoke will fully indemnify us with respect to any tax liability arising prior to or in connection with the closing of our IPO. There are no uncertain tax positions recorded as of December 31, 2018 or 2017 , and there was no associated interest or penalties recognized for the years ended December 31, 2018 , 2017 or 2016 . The Partnership does not expect that any unrecognized tax benefits pertaining to income tax matters will be required in the next twelve months.

7. 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 goods sold by the Partnership to its customers; and materials, supplies and other.

The components of inventories were as follows:

	December 31,	
	2018	2017
	(Dollars in millions)	
Coal	$ 40.3	$ 41.0
Coke	6.4	9.5
Materials, supplies, and other	32.3	28.9
Total inventories	$ 79.0	$ 79.4

8. Properties, Plants, and Equipment, Net

The components of net properties, plants and equipment were as follows:

	December 31,	
	2018	2017
	(Dollars in millions)	
Coke and energy plant, machinery and equipment [1]	$ 1,367.3	$ 1,339.9
Logistics plant, machinery and equipment	210.8	208.6
Land and land improvements	96.9	95.9
Construction-in-progress	63.6	38.4
Other	6.4	5.9
Gross investment, at cost	$ 1,745.0	$ 1,688.7
Less: accumulated depreciation [1]	(499.9)	(423.1)
Total properties, plant and equipment, net	$ 1,245.1	$ 1,265.6

(1) Includes assets, consisting mainly of coke and energy plant, machinery and equipment, with a gross investment totaling $877.1 million and $835.0 million and accumulated depreciation of $231.8 million and $196.6 million at December 31, 2018 and 2017, respectively, which are subject to long-term contracts to sell coke and are deemed to contain operating leases. Upon adoption of ASC 842, "Leases", in 2019, these contracts will no longer be deemed to contain operating leases.

9. Goodwill and Other Intangible Assets

Goodwill allocated to the Partnership's reportable segments was $73.5 million at December 31, 2018 and 2017 , respectively. There were no changes in the carrying amount of goodwill during the years ended December 31, 2018 and 2017 :

	Logistics
	(Dollars in millions)
Balance at December 31, 2018 and 2017	$ 73.5

The Partnership performed its annual goodwill impairment test as of October 1, 2018, with no indication of impairment. The fair value of the Logistics reporting unit, which was determined based on a discounted cash flow analysis, exceeded carrying value of the reporting unit by approximately 30 percent . A significant portion of our logistics business holds long-term, take-or-pay contracts with Murray and Foresight. Key assumptions in our goodwill impairment test include continued customer performance against long-term, take-or-pay contracts, renewal of future long-term, take-or-pay contracts, incremental merchant business and a 14 percent discount rate representing the estimated weighted average cost of capital for this business line. The use of different assumptions, estimates or judgments, such as the estimated future cash flows of Logistics and the discount rate used to discount such cash flows, could significantly impact the estimated fair value of a reporting unit, and therefore, impact the excess fair value above carrying value of the reporting unit. A 100 basis point change in the discount rate would not have reduced the fair value of the reporting unit below its carrying value.

The following table summarizes the components of gross and net intangible asset balances:

	Weighted - Average Remaining Amortization Years	December 31, 2018			December 31, 2017		
		Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
		(Dollars in millions)					
Customer contracts	4	$ 24.0	$ 11.0	$ 13.0	$ 24.0	$ 7.8	$ 16.2
Customer relationships	13	28.7	7.5	21.2	28.7	5.7	23.0
Permits	24	139.0	17.4	121.6	139.0	12.2	126.8
Trade name	-	1.2	1.2	—	1.2	1.0	0.2
Total		$ 192.9	$ 37.1	$ 155.8	$ 192.9	$ 26.7	$ 166.2

The permits above represent the environmental and operational permits required to operate a coal export terminal in accordance with the United States Environmental Protection Agency and other regulatory bodies. Intangible assets are amortized over their useful lives in a manner that reflects the pattern in which the economic benefit of the asset is consumed. The permits' useful lives were estimated to be 27 years at acquisition based on the expected useful life of the significant operating equipment at the facility. We have historical experience of renewing and extending similar arrangements at our other facilities and intend to continue to renew our permits as they come up for renewal for the foreseeable future. The permits were renewed regularly prior to our acquisition of CMT. These permits have an average remaining renewal term of approximately 2.4 years.

Total amortization expense for intangible assets subject to amortization was $10.4 million , $10.5 million and $10.7 million for the years ended December 31, 2018 , 2017 and 2016 , respectively. Based on the carrying value of finite-lived intangible assets as of December 31, 2018 , we estimate amortization expense for each of the next five years as follows:

	(Dollars in millions)
2019	10.3
2020	10.3
2021	10.3
2022	10.3
2023	7.0
Thereafter	107.6
Total	$ 155.8

10. Retirement and Other Post-Employment Benefits Plans

Certain employees of the Partnership's operating subsidiaries participate in defined contribution and postretirement health care and life insurance plans sponsored by SunCoke. The Partnership's contributions to the defined contribution plans, which are principally based on its allocable portion of SunCoke's pretax income and the aggregate compensation levels of participating employees, are charged against income as incurred. These charges amounted to $4.1 million , $3.9 million and $3.4 million in 2018 , 2017 and 2016 , respectively, and are reflected in cost of products sold and operating expenses in the Consolidated Statements of Operations. The postretirement benefit plans are unfunded and the costs are borne by the Partnership. The expense allocated to the Partnership for other postretirement benefit plans was immaterial for all periods presented.

11. Debt and Financing Obligation

Total debt and financing obligation consisted of the following:

	December 31,	
	2018	2017
	(Dollars in millions)	
7.500 percent senior notes, due 2025 ("Partnership Notes")	$ 700.0	$ 700.0
Revolving credit facility, due 2022 ("Partnership Revolver")	105.0	130.0
5.82 percent financing obligation, due 2021 ("Partnership Financing Obligation")	10.1	12.7
Total borrowings	$ 815.1	$ 842.7
Discount	(5.4)	(5.9)
Debt issuance costs	(13.6)	(15.8)
Total debt and financing obligation	$ 796.1	$ 821.0
Less: current portion of long-term debt and financing obligation	2.8	2.6
Total long-term debt and financing obligation	$ 793.3	$ 818.4

Partnership Notes

The Partnership Notes are the senior unsecured obligations of the Partnership, and are guaranteed on a senior unsecured basis by each of the Partnership's existing and certain future subsidiaries. Interest on the Partnership Notes is payable semi-annually in cash in arrears on June 15 and December 15 of each year, which commenced on December 15, 2017.

The Partnership may redeem some or all of the Partnership Notes at any time on or after June 15, 2020 at specified redemption prices plus accrued and unpaid interest, if any, to the redemption date. Before June 15, 2020, and following certain equity offerings, the Partnership also may redeem up to 35 percent of the Partnership Notes at a price equal to 107.5 percent of the principal amount, plus accrued and unpaid interest, if any, to the redemption date. In addition, at any time prior to June 15, 2020, the Partnership may redeem some or all of the Partnership Notes at a price equal to 100 percent of the principal amount, plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium.

The Partnership is obligated to offer to purchase all or a portion of the Partnership Notes at a price of (a) 101 percent of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase, upon the occurrence of certain change of control events and (b) 100 percent of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase, upon the occurrence of certain asset dispositions. These restrictions and prohibitions are subject to certain qualifications and exceptions set forth in the Indenture, including without limitation, reinvestment rights with respect to the proceeds of asset dispositions.

The Partnership Notes contains covenants that, among other things, limit the Partnership's ability and the ability of certain of the Partnership's subsidiaries to (i) incur indebtedness, (ii) pay dividends or make other distributions, (ii) prepay, redeem or repurchase certain subordinated debt, (iv) make loans and investments, (v) sell assets, (vi) incur liens, (vii) enter into transactions with affiliates, (viii) enter into agreements restricting the ability of subsidiaries to pay dividends and (ix) consolidate or merge.

Partnership Revolver

The proceeds of any borrowings made under the Partnership Revolver can be used to finance working capital needs, acquisitions, capital expenditures and for other general corporate purposes. The Partnership Revolver provides total aggregate

commitments from lenders of $285.0 million and up to $200.0 million uncommitted incremental revolving capacity. The obligations under the Partnership Revolver are guaranteed by the Partnership's subsidiaries and secured by liens on substantially all of the Partnership's and the guarantors' assets.

As of December 31, 2018, the Partnership had $1.9 million of letters of credit outstanding and an outstanding balance of $105.0 million , leaving $178.1 million available. Commitment fees are based on the unused portion of the Partnership Revolver at a rate of 0.4 percent .

The Partnership Revolver borrowings bear interest at a variable rate of LIBOR plus 250 basis points or an alternative base rate plus 150 basis points. The spread is subject to change based on the Partnership's consolidated leverage ratio, as defined in the credit agreement. The weighted-average interest rate for borrowings under the Partnership Revolver was 4.8 percent , 3.8 percent , 3.3 percent during 2018, 2017 and 2016, respectively

Partnership Financing Obligation

The Partnership's sale-leaseback arrangement of certain coke and logistics equipment has an initial lease period of 60 months and an early buyout option after 48 months to purchase the equipment at 34.5 percent of the original lease equipment cost. The arrangement is accounted for as a financing transaction, resulting in a financing obligation on the Consolidated Balance Sheets. The financing obligation is guaranteed by the Partnership.

Covenants

Under the terms of the Partnership's credit agreement, the Partnership is subject to a maximum consolidated leverage ratio of 4.5 : 1.0 prior to June 30, 2020 and 4.0 : 1.0 after June 30, 2020 and a minimum consolidated interest coverage ratio of 2.5 : 1.0 . The Partnership's credit agreement contains other covenants and events of default that are customary for similar agreements and may limit our ability to take various actions including our ability to pay a dividend or repurchase our stock.

If we fail to perform our obligations under these and other covenants, the lenders' credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the Partnership Revolver could be declared immediately due and payable. The Partnership have a cross default provision that applies to our indebtedness having a principal amount in excess of $35.0 million .

As of December 31, 2018 , the Partnership was in compliance with all debt covenants. We do not anticipate violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing.

Maturities

As of December 31, 2018 , the combined aggregate amount of maturities for long-term borrowings for each of the next five years is as follows:

		(Dollars in millions)
2019	$	2.8
2020 [(1)]		7.3
2021		—
2022		105.0
2023		—
2024-Thereafter		700.0
Total	$	815.1

(1) Assumes the Partnership Financing Obligation early buyout option is exercised in 2020.

12. Commitments and Contingent Liabilities

Lease Obligations

The Partnership, as lessee, has noncancelable operating leases for land, office space, equipment and railcars. The aggregate amount of future minimum annual rentals applicable to noncancelable operating leases is as follows:

Year ending December 31:	Minimum Rental Payments (Dollars in millions)
2019	$ 1.1
2020	0.2
2021	0.1
2022	0.1
2023	—
2024-Thereafter	—
Total	$ 1.5

Total rental expense for all operating leases was $5.7 million , $4.1 million and $4.9 million in 2018 , 2017 and 2016 , respectively.

Legal Matters

The EPA issued Notices of Violations ("NOVs") for the Haverhill and Granite City cokemaking facilities which stemmed from alleged violations of air operating permits for these facilities. We are working in a cooperative manner with the EPA, the Ohio Environmental Protection Agency and the Illinois Environmental Protection Agency to address the allegations, and have entered into a consent degree in federal district court with these parties. The consent decree includes a $2.2 million civil penalty payment that was paid by SunCoke in 2014, as well as capital projects underway to improve the reliability of the energy recovery systems and enhance environmental performance at the Haverhill and Granite City cokemaking facilities. In the third quarter of 2018, the Court entered an amendment to the consent decree which provides the Haverhill and Granite City facilities with additional time to perform necessary maintenance on the flue gas desulfurization systems without exceeding consent decree limits. The emissions associated with this maintenance will be mitigated in accordance with the amendment, and there are no civil penalty payments associated with this amendment. The project at Granite City was due to be completed in February 2019, but the Partnership now expects to complete the project in July 2019 and is in discussions with the government entities regarding, among other things, the timing thereof.

We retained an aggregate of $119 million in proceeds from our IPO and subsequent dropdowns to comply with the expected terms of a consent decree at the Haverhill and Granite City cokemaking operations. SunCoke and the Partnership anticipate spending approximately $150 million to comply with these environmental remediation projects. Pursuant to the omnibus agreement, any amounts that we spend on these projects in excess of the $119 million will be reimbursed by SunCoke. Prior to our formation, SunCoke spent approximately $7 million related to these projects. The Partnership has spent approximately $131 million to date and expects to spend the remaining capital through the first half of 2019. SunCoke has reimbursed the Partnership approximately $20 million for the estimated additional spending beyond what has previously been funded.

The Partnership is a party to certain other pending and threatened claims, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and general environmental 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 have a material adverse impact on our consolidated financial statements.

13. 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.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Certain assets and liabilities are measured at fair value on a recurring basis. The Partnership’s cash equivalents are measured at fair value based on quoted prices in active markets for identical assets. These inputs are classified as Level 1 within the valuation hierarchy. The Partnership did not have any cash equivalents at December 31, 2018 and cash equivalents were immaterial at December 31, 2017.

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 December 31, 2018 , no material fair value adjustments or fair value measurements were required for these non-financial assets or liabilities.

Convent Marine Terminal Contingent Consideration

In connection with the CMT acquisition, the Partnership entered into a contingent consideration arrangement that runs through 2022 and requires the Partnership to make future payments to The Cline Group based on future volume over a specified threshold, price, and contract renewals . The fair value of the contingent consideration was estimated based on a probability-weighted analysis using significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions included probability adjusted levels of coal handling services provided by CMT, anticipated price per ton on future sales and probability of contract renewal, including length of future contracts, volume commitment, and anticipated price per ton. The fair value of the contingent consideration was $5.0 million and $2.5 million at December 31, 2018 and 2017 , respectively, and was primarily included in other deferred charges and liabilities on the Consolidated Balance Sheets.

During 2018, CMT achieved record volumes and the Partnership increased CMT’s throughput volume projections in future periods for certain customers due to favorable coal prices, which are expected to increase export volume through CMT. The combined impact of the strong 2018 volumes and improved volume projections resulted in an increase to the fair value of the Partnership's contingent consideration balance of $2.5 million, which was recorded as a charge to costs of products sold and operating expenses in the Consolidated Statements of Operations during 2018.

During 2017 and 2016, as a result of adverse mining conditions faced by one of our thermal coal customers as well as fluctuating export coal pricing, the Partnership lowered CMT's throughput volume, which reduced the Partnership's contingent consideration liability balance by $1.7 million and $6.4 million , respectively. Additionally, during March 2016, as a part of commercial activities subsequent to the acquisition of CMT, the Partnership and The Cline Group signed an amended agreement, which modified the contingent consideration terms by increasing the volume threshold required for the Partnership to make payments to The Cline Group in exchange for future pricing modifications, resulting in a $3.7 million reduction to the contingent consideration liability. These decreases in fair value were recorded as reductions to costs of products sold and operating expenses on the Consolidated Statements of Income during 2017 and 2016.

Certain Financial Assets and Liabilities not Measured at Fair Value

At December 31, 2018 and 2017 , the estimated fair value of the Partnership's long-term debt was estimated to be $778.9 million and $875.0 million , respectively, compared to a carrying amount of $815.1 million and $842.7 million , respectively. The fair value was estimated by management based upon estimates of debt pricing provided by financial institutions and are considered Level 2 inputs.

14. Revenue from Contracts with Customers

Cokemaking

Substantially all our coke sales are made pursuant to long-term, take-or-pay agreements with AM USA, AK Steel and U.S. Steel, who are three of the largest blast furnace steelmakers in North America. The take-or-pay provisions of our agreements require us to deliver minimum annual tonnage, which varies by contract, but covers at least 90 percent of each facility's annual capacity. The take-or-pay provisions also require our customers to purchase such volumes of coke or pay the contract price for any tonnage they elect not to take. These coke sales agreements have an average remaining term of approximately seven years, and to date, our coke customers have satisfied their obligations under these agreements.

Our coke sales prices include an operating cost component, a coal cost component and a return of capital component. Operating costs under one of our coke sales agreements are contractual, subject to an annual adjustment based on an inflation index. Under our other three coke sales agreements operating costs are passed through to the respective customers subject to an annually negotiated budget, in some cases subject to a cap annually adjusted for inflation, and generally we share any difference in costs from the budgeted amounts with our customers. Our coke sales agreements contain pass-through provisions for coal and coal procurement costs, subject to meeting contractual coal-to-coke yields. To the extent that the actual coal-to-coke yields are less than the contractual standard, we are responsible for the cost of the excess coal used in the cokemaking process. Conversely, to the extent our actual coal-to-coke yields are higher than the contractual standard, we realize gains. The reimbursement of pass-through operating and coal costs from these coke sales agreements are considered to be variable consideration components included in the cokemaking sales price. The return of capital component for each ton of coke sold to the customer is determined at the time the coke sales agreement is signed and is effective for the term of each sales agreement. This component of our coke sales prices is intended to provide an adequate return on invested capital and may differ based on investment levels and other considerations. The actual return on invested capital at any facility is also impacted by favorable or unfavorable performance on pass-through cost items. Revenues are recognized when performance obligations to our customers are satisfied in an amount that reflects the consideration that we expect to receive in exchange for the coke.

Logistics

In our logistics business, handling and/or mixing services are provided to steel, coke (including some of our and SunCokes's domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled, but rather act as intermediaries between our customers and end users, deriving our revenues from services provided on a per ton basis. The handling and mixing services consist primarily of two performance obligations, unloading and loading of materials. Our logistics business has long-term, take-or-pay agreements requiring us to handle over 15 million tons annually. The take-or-pay provisions in these agreements require our customers to purchase such handling services or pay the contract price for services they elect not to take. Estimated take-or-pay revenue of approximately $365 million from all of our long-term logistics contracts is expected to be recognized over the next five years for unsatisfied or partially unsatisfied performance obligations as of December 31, 2018 . To date, our customers have satisfied their obligations under these agreements. Included with these long-term, take-or-pay arrangements are our contracts with Murray and Foresight, which cover 10 million tons of CMT's annual transloading capacity of 15 million tons. Revenues in our logistics business are recognized when the customer receives the benefits of the services provided, in an amount that reflects the consideration that we will receive in exchange for those services. Billings to CMT customers for take-or-pay volume shortfalls based on pro-rata volume commitments under take-or-pay contracts that are in excess of billings earned for services provided are recorded as contract liabilities and characterized as deferred revenue on the Consolidated Balance Sheets. Deferred revenue is recognized at the earliest of i) when the performance obligation is satisfied; ii) when the performance obligation has expired, based on the terms of the contract; or iii) when the likelihood that the customer would exercise its right to the performance obligation becomes remote.

The following table provides changes in the Partnership's deferred revenue:

	2018	2017
	(Dollars in millions)	
Beginning balance at December 31, 2017 and 2016, respectively	$ 1.7	$ 2.5
Reclassification of the beginning contract liabilities to revenue, as a result of performance obligation satisfied	(1.4)	(2.1)
Billings in excess of services performed, not recognized as revenue	2.7	1.3
Ending balance at December 31, 2018 and 2017, respectively	$ 3.0	$ 1.7

Energy

Our energy sales are made pursuant to either steam or energy supply and purchase agreements or is sold into the regional power market. 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. The energy provided under these arrangements result in transfer of control over time. Revenues are recognized as energy is delivered to our customers, in an amount based on the terms of each arrangement.

Disaggregated Sales and Other Operating Revenue

The following table provides disaggregated sales and other operating revenue by product or service, excluding intersegment revenues:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Sales and other operating revenue:			
Cokemaking	720.6	686.9	623.6
Energy	49.7	52.7	53.7
Logistics	114.4	102.6	96.3
Other	7.4	3.4	6.1
Sales and other operating revenue	892.1	845.6	779.7

Disaggregated sales and other operating revenue by customer is discussed in Note 4 .

15. Business Segment Information

The Partnership derives its revenues from the Domestic Coke and Logistics reportable segments. Domestic Coke operations are comprised of the Haverhill, Middletown and Granite City cokemaking facilities, which use similar production processes to produce coke and to recover waste heat that is converted to steam or electricity.

Logistics operations are comprised of CMT, Lake Terminal and KRT. Handling and mixing results are presented in the Logistics segment.

Corporate and other expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other.

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

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Sales and other operating revenue:			
Domestic Coke	$ 776.7	$ 739.7	$ 681.8
Logistics	115.4	105.9	97.9
Logistics intersegment sales	6.9	6.5	6.1
Elimination of intersegment sales	(6.9)	(6.5)	(6.1)
Total sales and other operating revenue	$ 892.1	$ 845.6	$ 779.7
Adjusted EBITDA:			
Domestic Coke	$ 157.5	$ 170.3	$ 167.0
Logistics	71.6	69.7	63.2
Corporate and Other	(16.6)	(15.3)	(17.2)
Total Adjusted EBITDA	$ 212.5	$ 224.7	$ 213.0
Depreciation and amortization expense:			
Domestic Coke [1]	$ 68.1	$ 59.9	$ 53.4
Logistics	24.3	23.7	24.3
Total depreciation and amortization expense	$ 92.4	$ 83.6	$ 77.7
Capital expenditures:			
Domestic Coke	$ 57.2	$ 35.0	$ 22.1
Logistics	3.6	4.0	15.0
Total capital expenditures	$ 60.8	$ 39.0	$ 37.1

(1) We revised the estimated useful lives of certain assets in our Domestic Coke segment, primarily as a result of plans to replace major components of certain heat recovery steam generators with upgraded materials and design, resulting in additional depreciation of $9.2 million , or $0.20 per common unit, during the year ended December 31, 2018.

The following table sets forth the Partnership's segment assets:

	December 31,	
	2018	2017
	(Dollars in millions)	
Segment assets:		
Domestic Coke	$ 1,158.4	$ 1,151.4
Logistics	458.7	489.8
Corporate and Other	2.0	0.2
Total Assets	$ 1,619.1	$ 1,641.4

The Partnership evaluates the performance of its segments based on segment Adjusted EBITDA, which represents earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for l oss (gain) on extinguishment of debt, transaction costs related to the Simplification Transaction and changes to our contingent consideration liability related to our acquisition of CMT and the expiration of certain acquired contractual obligations. Adjusted EBITDA does not represent and should not be considered an alternative 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 and liquidity of the Partnership's net assets and its ability to incur and service debt, fund capital expenditures and make distributions. Adjusted EBITDA 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 and liquidity. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, and they should not be considered an alternative to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. Set forth below is additional discussion of the limitations of Adjusted EBITDA as an analytical tool.

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 items such as depreciation and amortization;
- 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.

Below are reconciliations of Adjusted EBITDA from net (loss) income and net cash provided by operating activities, which are its most directly comparable financial measures calculated and presented in accordance with GAAP:

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Net income (loss)	$ 59.4	$ (17.5)	$ 121.4
Add:			
Depreciation and amortization expense	92.4	83.6	77.7
Interest expense, net	59.4	56.4	47.7
Loss (gain) on extinguishment of debt	—	20.0	(25.0)
Income tax (benefit) expense	(1.6)	83.9	2.0
Contingent consideration adjustments [1]	2.5	(1.7)	(10.1)
Transaction Costs	0.4	—	—
Non-cash reversal of acquired contractual obligations [2]	—	—	(0.7)
Adjusted EBITDA [3]	$ 212.5	$ 224.7	$ 213.0
Subtract:			
Adjusted EBITDA attributable to noncontrolling interest [5]	3.1	3.4	3.3
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	$ 209.4	$ 221.3	$ 209.7

	Years Ended December 31,		
	2018	2017	2016
	(Dollars in millions)		
Net cash provided by operating activities	$ 162.8	$ 136.7	$ 183.6
Add:			
Cash interest paid, net of capitalized interest	56.9	64.5	49.0
Cash taxes paid	2.9	1.4	1.5
Changes in working capital	(10.0)	19.0	(17.8)
Contingent consideration adjustments [1]	2.5	(1.7)	(10.1)
Transaction Costs	0.4	—	—
Non-cash reversal of acquired contractual obligation [2]	—	—	(0.7)
Other adjustments to reconcile cash (used in) provided by operating activities to Adjusted EBITDA	(3.0)	4.8	7.5
Adjusted EBITDA	$ 212.5	$ 224.7	$ 213.0
Subtract:			
Adjusted EBITDA attributable to noncontrolling interest [3]	3.1	3.4	3.3
Adjusted EBITDA attributable to SunCoke Energy Partners, L.P.	$ 209.4	$ 221.3	$ 209.7

(1) As a result of changes in the fair value of the contingent consideration liability, the Partnership recognized expense of $2.5 million in 2018 and benefits of $1.7 million and $10.1 million during and 2017 and 2016, respectively. See Note 13 .

(2) In association with the acquisition of CMT, we assumed certain performance obligations under existing contracts and recorded liabilities related to such obligations. In 2016, the final acquired contractual performance obligations expired without the customer requiring performance. Therefore, the Partnership reversed the liability as we no longer have any obligations under the contracts.

(3) Reflects net income attributable to noncontrolling interest adjusted for noncontrolling interest's share of interest, taxes, income, and depreciation and amortization.

16. Selected Quarterly Data (unaudited)

	2018				2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter [1]	First Quarter [2]	Second Quarter [3]	Third Quarter	Fourth Quarter [1][4]
	(Dollars in millions, except per unit amounts)							
Sales and other operating revenue	$ 214.8	$ 228.6	$ 224.1	$ 224.6	$ 195.6	$ 200.6	$ 214.0	$ 235.4
Gross profit [5]	$ 36.2	$ 43.4	$ 38.8	$ 32.4	$ 38.6	$ 29.7	$ 47.6	$ 59.4
Net income (loss)	$ 15.7	$ 19.4	$ 15.7	$ 11.6	$ (131.7)	$ (12.5)	$ 23.3	$ 103.4
Net income (loss) attributable to SunCoke Energy Partners, L.P.	$ 15.3	$ 18.8	$ 15.3	$ 11.2	$ (129.3)	$ (12.9)	$ 22.6	$ 101.5
Net income (loss) per common unit (basic and diluted) [6]	$ 0.32	$ 0.40	$ 0.32	$ 0.24	$ (2.77)	$ (0.30)	$ 0.45	$ 0.65
Cash distribution per unit paid during period	$ 0.5940	$ 0.4000	$ 0.4000	$ 0.4000	$ 0.5940	$ 0.5940	$ 0.5940	$ 0.5940

(1) The Partnership recognized deferred revenue from Logistics take-or-pay billings for minimum volume shortfalls of $16.4 million into revenue in the fourth quarter of 2017. As a result of the increase in tons handled throughout 2018, there were no shortfalls to be recognized during fourth quarter.

(2) During the first quarter of 2017, the Partnership recorded $148.6 million of deferred income tax expense as a result of the IRS Final Regulations on qualifying income. See Note 6 .

(3) During the second quarter of 2017, the Partnership incurred $19.9 million of losses in connection with debt refinancing.

(4) During the fourth quarter of 2017, the Partnership recorded $68.8 million of tax benefits as a result of the new Tax Legislation. See Note 6 .

(5) Gross profit equals sales and other operating revenue less cost of products sold and operating expenses and depreciation and amortization.

(6) Net income per common unit is computed independently for each of the quarters presented. Therefore, the sum of quarterly net income per common unit information may not equal annual net income per common unit. The deferred tax liabilities recorded in the first quarter of 2017 as a result of the Final Regulations on qualifying income were revised by the new Tax Legislation, enacted in the fourth quarter of 2017. Our full year net loss per common unit calculation was impacted as a result.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, is responsible for evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Report on Internal Control over Financial Reporting

The management of our general partner, with the participation of our principal executive officer and principal financial officer, is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined under Exchange Act Rule 13a-15(f). Our internal control system was designed to provide reasonable assurance to the management of our general partner regarding the preparation and fair presentation of published financial statements.

In evaluating the effectiveness of our internal control over financial reporting as of December 31, 2018 , the management of our general partner used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control -Integrated Framework* (2013). Based on such evaluation, the management of our general partner concluded that our internal control over financial reporting was effective as of December 31, 2018 .

The management of our general partner, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements, errors, and instances of fraud, if any, within our partnership have been or will be prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks that internal controls may become inadequate as a result of changes in conditions, or through the deterioration of the degree of compliance with policies or procedures.

KPMG LLP, our independent registered public accounting firm, issued an attestation report on our internal control over financial reporting, which is contained in Item 8, "Financial Statements and Supplementary Data."

Changes in Internal Control over Financial Reporting

During the first quarter of 2018, we implemented a new enterprise resource planning ("ERP") system. Accordingly, we modified the design and documentation of certain internal control processes and procedures relating to the new ERP system at that time. Other than the ERP and related systems implementation, there have been no changes in the Partnership's internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Management of SunCoke Energy Partners, L.P.

We are managed and operated by the Board of Directors and executive officers of our general partner. As of January 31, 2019, SunCoke owns, directly or indirectly, 61.7 percent of our outstanding common units and all of our incentive distribution rights ("IDRs"). As a result of its ownership of our general partner, SunCoke has the right to appoint all members of the Board of Directors of our general partner, including the independent directors. Our unitholders are not entitled to appoint the directors of our general partner or otherwise directly participate in our management or operation. Our general partner owes certain duties to our unitholders as well as a fiduciary duty to SunCoke.

SunCoke indirectly controls our general partner and indirectly owns a significant limited partner interest in us. All of our general partner's named executive officers are employed as executive officers of SunCoke. Our general partner's executive officers allocate their time between managing our business and affairs and those of SunCoke. Such executive officers devote as much time to the management of our business and affairs as is necessary for the proper conduct of our business and affairs. In addition to rendering services to us, these executive officers devoted a majority of their professional time to SunCoke during 2018. These executives participate in the employee benefit plans and compensation arrangements of SunCoke, and the Compensation Committee of SunCoke's Board of Directors sets the components of their compensation, including base salary and annual and long-term incentives. We have no control over this compensation determination process. Please refer to SunCoke Energy, Inc.'s 2019 Annual Meeting Proxy Statement for information on the compensation of these executive officers.

Under the terms of our omnibus agreement with SunCoke, we do not pay a management fee or other compensation in connection with our general partner's management of our business. However, we reimburse our general partner and its affiliates (including SunCoke) for direct costs and expenses they incur and payments they make in providing general and administrative services for our benefit. Corporate and other costs and expenses incurred by SunCoke and its affiliates that are directly attributable to Partnership entities will be allocated to us. A portion of all remaining corporate and other costs and expenses incurred by SunCoke and its affiliates are allocated to us, based on SunCoke's estimate of the proportionate level of effort attributable to our operations. SunCoke allocates these corporate and other costs on the basis of the costs and the level of support attributable to the applicable operating facilities for each function performed by the sponsor (e.g., HR, legal, finance, tax, treasury, communications, engineering, insurance, etc.), rather than on the basis of time spent by individual officers acting within a function. The estimated cost and level of support for each of our operating facilities is based on a weighted average of certain factors determined by management of SunCoke, including the type of operations and products produced, as well as contract and business complexity at each facility. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed.

Each year, our general partner determines the aggregate amount to be reimbursed to SunCoke, by us, taking into account the totality of services performed for our benefit by the named executive officers during the calendar year. The amounts reimbursed to SunCoke are not calculated with regard to an executive officer's time spent on our business matters versus those of SunCoke. There is no specific allocation of a portion of a shared officer's compensation in connection with services rendered on our behalf. During 2018, SunCoke allocated $27.2 million of expenses in the aggregate for the services they render to us. See Item 13, "Certain Relationships and Related Transactions, and Director Independence" for further discussion of our relationships and transactions with SunCoke and its affiliates.

Executive Officers and Directors of Our General Partner

Our general partner has seven directors, three of whom, Messrs. Bledsoe and Somerhalder and Ms. Carnes; meet applicable independence and experience standards established by the NYSE and the Exchange Act. The NYSE does not require a listed publicly traded partnership, such as ours, to have a majority of independent directors on the Board of Directors of its general partner or to establish a compensation committee or a nominating committee. Directors are appointed for a one-year term and hold office until their successors have been elected or qualified or until the earlier of their death, resignation, removal or disqualification. Executive officers serve at the discretion of the board. There are no family relationships among any of our directors or executive officers.

The following table shows information for the current executive officers and directors of our general partner:

Our Directors, Executive Officers and Other Key Executives

Name	Age	Position with Our General Partner
Michael G. Rippey	61	Chairman, President and Chief Executive Officer
Fay West	49	Senior Vice President, Chief Financial Officer and Director
Katherine T. Gates	42	Senior Vice President, General Counsel, Chief Compliance Officer and Director
P. Michael Hardesty	56	Senior Vice President, Commercial Operations, Business Development, Terminals, and International Coke and Director
Allison S. Lausas	39	Vice President, Finance and Controller
Gary P. Yeaw	61	Senior Vice President, Human Resources
Martha Z. Carnes	58	Director
John W. Somerhalder, II	62	Director
Alvin Bledsoe	71	Director

Michael G. Rippey. Mr. Rippey was named President and Chief Executive Officer and appointed as Chairman of the Board of our general partner on December 1, 2017. Also on December 1, 2017, Mr. Rippey was appointed President and Chief Executive Officer of SunCoke Energy, Inc. Prior to joining SunCoke Energy, Inc., he served as Senior Advisor to Nippon Steel & Sumitomo Metal Corporation (a leading global steelmaker), since 2015. From 2014 to 2015, he served as Chairman of the Board of ArcelorMittal USA (a major domestic steel manufacturer), and from August 2006 through October 2014, he was ArcelorMittal USA's President and Chief Executive Officer. Mr. Rippey currently serves on the Board of Directors of Olympic Steel, Inc. (NASDAQ: ZEUS), a major steel service center headquartered in Ohio, where he is a member of the Nominating Committee, and serves as Chair of the Audit and Compliance Committee. Mr. Rippey is an accomplished senior executive with a wealth of finance, sales, operations and management experience in the metals industry. He has successfully dealt with dynamic and challenging business environments and, as a past executive officer and Chairman of ArcelorMittal USA, he has an intimate knowledge and understanding of the challenges and opportunities facing SunCoke as it continues to serve the steel industry.

Fay West . Ms. West was appointed as Senior Vice President and Chief Financial Officer of both our general partner and of SunCoke in October 2014 and, at that time, was also appointed to the Board of Directors of our general partner. Prior to that time, she served as Vice President and Controller of our general partner since July 2012, and as Vice President and Controller of SunCoke since February 2011. Prior to joining SunCoke, Ms. West was Assistant Controller at United Continental Holdings, Inc. (an airline holding company) from April 2010 to January 2011. She was Vice President, Accounting and Financial Reporting for PepsiAmericas, Inc. (a manufacturer and distributor of beverage products) from December 2006 through March 2010 and Director of Financial Reporting from December 2005 to December 2006. Ms. West is a director of Quaker Chemical Corporation (a leading manufacturer and supplier of process fluids and specialty chemicals) where she also serves as a member of its Audit Committee. Ms. West's financial and accounting expertise and her broad industry and management experience, as well as her experience with SunCoke, provides the board with valuable expertise in senior level strategic planning and financial disclosure and reporting matters.

Katherine Gates. Ms. Gates was appointed Senior Vice President, General Counsel and Chief Compliance Officer of both our general partner and of SunCoke effective October 22, 2015. Ms. Gates joined SunCoke in February 2013, as Senior Health, Environment and Safety (" *HES* ") Counsel. She was promoted to Vice President and Assistant General Counsel of both our general partner and of SunCoke in July 2014. Ms. Gates began her legal career in private practice as a Partner at the law firm of Beveridge & Diamond, P.C. She served on the firm's Management committee, where she addressed budget, compensation, commercial and other issues. Ms. Gates also co-chaired the Civil Litigation Section of the firm's Litigation Practice Group. She also clerked for the U.S. Department of Justice. We believe that Ms. Gates' legal knowledge and skill, as well as her experience with SunCoke's operations, provides the Board of Directors with valuable expertise regarding senior level strategic planning and relevant legal matters, including those related to corporate governance, litigation, health, environment, safety, mergers, acquisitions, compliance and commercial matters.

P. Michael Hardesty. Mr. Hardesty was appointed Senior Vice President, Commercial Operations, Business Development, Terminals and International Coke of SunCoke effective October 1, 2015. At that time, he also was appointed as a Director of our general partner. Mr. Hardesty has been a Senior Vice President of our general partner since joining SunCoke in 2011 as its Senior Vice President, Sales and Commercial Operations. He has more than 30 years of experience in the mining industry. Before joining SunCoke, Mr. Hardesty served as Senior Vice President for International Coal Group, Inc. (" *ICG* "), where he was responsible for leading the sales and marketing functions and was a key member of the executive management team. Prior to ICG, Mr. Hardesty served as Vice President of Commercial Optimization at Arch Coal, where he developed and executed trade strategies, optimized production output and directed coal purchasing activities. He is a past board member and Secretary-Treasurer of the Putnam County Development Authority in West Virginia. We believe that Mr. Hardesty's extensive industry experience, as well as his experience with SunCoke, provides the Board of Directors with valuable expertise in commercial operations, marketing and logistics. Mr. Hardesty also possesses health, environment and safety oversight experience by virtue of his oversight experience as a senior-level executive at ICG.

Allison S. Lausas . Ms. Lausas was appointed Vice President, Finance and Controller of both our general partner and of SunCoke on May 3, 2018. Prior to that from October 2014 to May 2018, Ms. Lausas was Vice President and Controller of both Companies. Ms. Lausas joined SunCoke in 2011 and most recently held the role of Assistant Controller. Prior to joining SunCoke Energy, Inc., she worked as an auditor at KPMG, LLP, an audit, advisory and tax services firm, from 2002 to 2011 where she served both public and private corporations in the consumer and industrial markets.

Gary P. Yeaw. Mr. Yeaw was appointed Senior Vice President, Human Resources of SunCoke on November 1, 2015 and also was appointed as Senior Vice President of our general partner at that time. Prior to that, he was Vice President, Human Resources of SunCoke. Mr. Yeaw leads the human resources function at SunCoke, and is responsible for key organizational activities. Prior to joining SunCoke, he was Executive Vice President, Human Resources and Communications for Chemtura Corporation. Mr. Yeaw also served as Vice President, Human Resources for American Standard Companies, as well as Vice President, Human Resources Operational Excellence in charge of global benefit programs, labor relations, HR systems and employee services. Mr. Yeaw holds professional designations as a Senior Human Resources Professional, Certified Compensation Professional and was a charter member of the International Society of Employee Benefits Specialists.

Martha Z. Carnes . Ms. Carnes was appointed to the Board of Directors of our general partner effective September 1, 2017. From 1982 until her retirement from the firm in June 2016, Ms. Carnes served in various senior roles at PricewaterhouseCoopers, or PwC (an international accounting firm), including as: (i) Assurance Partner serving large, publicly traded companies in the energy industry; (ii) Managing Partner of PwC's Houston, Texas office; and (iii) PwC's Energy and Mining leader for the United States, where she led the firm's energy and mining assurance, tax and advisory practices. Ms. Carnes currently serves as a director on the Supervisory Board of Core Laboratories N.V. [NYSE: CLB], a Netherlands company (one of the world's largest providers of reservoir description and production enhancement services to the oil and gas industry), where she is Chairman of the Audit Committee. She is also a director of Matrix Service Company [NASDAQ: MTRX] (a provider of design, engineering, construction, repair and maintenance services to industrial and energy clients in North America), where she Chairs the Audit Committee and serves on the Compensation, and Nominating and Corporate Governance committees. Ms. Carnes is an experienced finance and public accounting executive, having spent her entire 34-year career with PwC. By virtue of her experience, Ms. Carnes possesses strategic planning, managerial and leadership expertise, having led the design and execution of market and sector strategies, business development, compensation, professional development, succession planning, and client satisfaction initiatives for clients in the mining, utilities and energy industries. In addition, Ms. Carnes brings vast experience with capital markets and financing activities, having served as lead audit partner on some of the largest merger and acquisition transactions completed in the energy sector.

John W. Somerhalder, II. Mr. Somerhalder was appointed to the Board of Directors of our general partner effective September 1, 2017. From February 2017 to September 2017, he served as the Interim President and Chief Executive Officer of privately held Colonial Pipeline Company (one of the nation's largest refined products pipeline companies). He was Chairman and Chief Executive Officer of AGL Resources Inc. (a former publicly traded energy services holding company acquired by Southern Company, one of the nation's largest natural gas-distributors) from May 2015 through December 2015. From November 2007 to May 2015, he was Chairman, President and Chief Executive Officer, and from March 2006 to November 2007, he was President and Chief Executive Officer of AGL Resources Inc. Prior to that, Mr. Somerhalder served as Executive Vice President of El Paso Corporation (a natural gas and energy products provider), including, from 2000 to May 2005. Since 2013, Mr. Somerhalder has served as a director of Crestwood Equity Partners (from 2010 to 2013 as a director of Crestwood Gas Services, LLC and from 2007 to 2010 as a director of Quicksilver Gas Services, LLC), and since October 2016, Mr. Somerhalder has served as a director of CenterPoint Energy, Inc. (a major publicly traded electric and natural gas utility). Mr. Somerhalder also is a past Chairman of the American Gas Association and the Interstate Natural Gas Association of America. With over four decades in the energy industry, Mr. Somerhalder is a senior-level executive with managerial and leadership expertise, and experience in general operations, strategic planning, business development, marketing and corporate restructuring (including mergers and acquisitions). In addition, Mr. Somerhalder brings extensive knowledge of the energy industry, and terminalling and logistics businesses and he has had extensive dealings with governmental and other regulatory agencies in multiple jurisdictions.

Alvin Bledsoe . Mr. Bledsoe was appointed as a director of general partner in September 2017, and since June 2011, he also has been a director of our sponsor, SunCoke Energy, Inc. From 1972 until his retirement from the firm in 2005, Mr. Bledsoe served in various senior roles at PricewaterhouseCoopers LLP, or PwC (an international accounting firm). In 2007, he joined the Board of Directors of Crestwood Gas Services GP LLC, the general partner of Crestwood Midstream Partners LP (a natural gas and crude oil logistics master limited partnership). Upon the October 2013 merger and subsequent related corporate restructuring between Crestwood Midstream Partners LP, Inergy, L.P. and Inergy Midstream, L.P., Mr. Bledsoe was appointed to the Boards of Crestwood Midstream GP LLC, the general partner of Crestwood Midstream Partners LP and Crestwood Equity GP LLC, the general partner of Crestwood Equity Partners LP (a natural gas and crude oil logistics master limited partnership holding company), where he chaired the Audit Committees of both companies. In 2015, Crestwood Equity Partners L.P. acquired Crestwood Midstream Partners L.P. and eliminated the need for a separate Board of Directors at Crestwood Midstream GP LLC. Following this acquisition, Mr. Bledsoe is a director of Crestwood Equity GP LLC, and chair its Audit Committee. Mr. Bledsoe is an experienced finance and public accounting executive, having spent his entire 33-year career with PwC. By virtue of his experience, Mr. Bledsoe is knowledgeable about finance, merger and acquisition transactions and major cost restructurings and possesses knowledge of the mining, utilities and energy industries. In addition, he brings relevant industry expertise, having served clients within these industry sectors and having served as the global leader for PwC's Energy, Mining and Utilities Industries Assurance and Business Advisory Services Group. While at PwC, Mr. Bledsoe also gained experience working with boards of directors by interfacing with the boards of directors of his clients.

Director Independence

The Board of Directors of our general partner has determined that each of Messrs. Bledsoe and Somerhalder and Ms. Carnes are independent as defined under applicable independence standards established by the NYSE and the Exchange Act. In evaluating director independence with respect to Messrs. Bledsoe and Somerhalder and Ms. Carnes, the Board of Directors of our general partner assessed whether each of them possesses the integrity, judgment, knowledge, experience, skill and expertise that are likely to enhance the board's ability to manage and direct our affairs and business, including, when applicable, to enhance the ability of committees of the board to fulfill their duties.

Board Meetings; Committees of the Board of Directors

The Board of Directors of our general partner has an audit committee and a conflicts committee. The Board of Directors of our general partner does not have a compensation committee, but the Board of Directors of our general partner approves equity grants. No grants of Partnership equity were awarded to executive officers during 2018. The Board of Directors of our general partner held six regular meetings in fiscal 2018. Each director who served in fiscal 2018 attended at least 75 percent of the aggregate of the total number of meetings of the Board and Committees on which he or she served during the periods that he or she served in fiscal 2018.

Audit Committee

The audit committee of our general partner has been established in accordance with Section 3(a)(58)(A) of the Exchange Act, and consists of Messrs. Bledsoe and Somerhalder and Ms. Carnes, all of whom meet the independence and experience standards established by the NYSE and the Exchange Act. The audit committee is chaired by Mr. Bledsoe. The Board of Directors of our general partner has determined that Messrs. Bledsoe and Somerhalder and Ms. Carnes are "audit committee financial experts" within the meaning of the SEC rules. The audit committee operates pursuant to a written charter, a copy of which is available on our website at www.suncoke.com . The audit committee assists the Board of Directors in its oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements and partnership policies and controls. The audit committee has the sole authority to (1) retain and terminate our independent registered public accounting firm, (2) approve all auditing services and related fees and the terms thereof performed by our independent registered public accounting firm, and (3) pre-approve any non-audit services and tax services to be rendered by our independent registered public accounting firm, (4) oversee and monitor the Partnership's internal audit function and independent auditors, and (5) monitor compliance with legal and regulatory requirements, including our Code of Business Conduct and Ethics. The audit committee is also responsible for confirming the independence and objectivity of our independent registered public accounting firm. Our independent registered public accounting firm has unrestricted access to the audit committee and our management, as necessary. The audit committee met seven times in fiscal 2018.

Conflicts Committee

Mr. Somerhalder and Ms. Carnes serve on the conflicts committee to review specific matters that the board believes may involve conflicts of interest and determines to submit to the conflicts committee for review. The conflicts committee is chaired by Mr. Somerhalder. The conflicts committee determines if the resolution of the conflict of interest is in our best interest. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers or employees of its affiliates, including SunCoke, and must meet the independence standards established by the NYSE and the Exchange Act to serve on an audit committee of a Board of Directors, along with other requirements in our partnership agreement. Under our partnership agreement, any matters approved by the conflicts committee (including, but not limited to, the recently announced Simplification Transaction) will be conclusively deemed to be in our best interest, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Executive Sessions of Non-Management Directors

The Board of Directors of our general partner holds regular executive sessions in which the three independent directors meet without any members of management present. The purpose of these executive sessions is to promote open and candid discussion among the independent directors. The rules of the NYSE require that one of the independent directors must preside over each executive session, and the role of presiding director is rotated among each of the independent directors.

Procedures for Contacting the Board of Directors

A means for interested parties to contact the Board of Directors (including the independent directors as a group) directly has been established in the general partner's Governance Guidelines, published on our website at www.suncoke.com . Information may be submitted confidentially and anonymously, although we may be obligated by law to disclose the information or identity of the person providing the information in connection with government or private legal actions and in certain other circumstances.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to all of our officers, directors and employees. An electronic copy of the code is available on our website at www.suncoke.com . For a discussion of other corporate governance materials posted on our website, see "Part I. Item 1. Business."

Section-16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the directors and executive officers of our general partner, as well as persons who own more than ten percent of the common units representing limited partnership interests in us, to file reports of ownership and changes of ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission, or SEC. Based upon our review of the filings made with the SEC and representations made by our directors, executive officers and >10% holders, we believe that our general partner's executive officers and directors, and our affiliated >10% holders, timely filed all reports required under Section 16(a) of the Securities Exchange Act during the fiscal year ended December 31, 2018.

Item 11. Executive Compensation

Compensation Discussion and Analysis

We are managed by the executive officers of our general partner who are also executive officers of, and are employed by, SunCoke and they participate in the employee benefit plans and compensation arrangements of SunCoke. Neither we nor our general partner have a compensation committee. The executive officers of our general partner are compensated directly by SunCoke. All decisions as to the compensation of the executive officers of our general partner who are involved in our management are made by the Compensation Committee of SunCoke. Therefore, we do not have any policies or programs relating to compensation of the executive officers of our general partner and we make no decisions relating to such compensation. We have no control over this compensation determination process. Other than any awards that may be granted in the future under our Long-Term Incentive Plan, the compensation of our general partner's executive officers currently is, and in the future, will be, set by SunCoke. The executive officers of our general partner will continue to participate in SunCoke's employee benefit plans and arrangements, including any SunCoke plans that may be established in the future. Pursuant to the terms of our omnibus agreement with SunCoke, we reimburse SunCoke for a portion of SunCoke's compensation expense related to our general partner's executive officers (which expenses include the share of the compensation paid to the executive officers of our general partner attributable to the time they spend managing out business). See "Item 10, Directors, Executive Officers and Corporate Governance-Management of SunCoke Energy Partners, L.P." for information regarding the omnibus agreement and allocation of expenses between the entities that share the services of these executives. None of the executive officers of our general partner have employment agreements with us or are otherwise specifically compensated by us for their service as an executive officer of our general partner.

A full discussion of the policies and programs of the Compensation Committee of SunCoke will be set forth in the proxy statement for SunCoke's 2019 annual meeting of stockholders which will be available upon its filing on the SEC's website at www.sec.gov and on SunCoke's website at www.suncoke.com at the "Investors - Financial Reports - Annual Report & Proxy" tab. SunCoke's 2019 Proxy Statement also will be available free of charge from the Corporate Secretary of our general partner.

Summary Compensation Table

The following table sets forth certain information with respect to SunCoke's compensation of our general partner's named executive officers (NEOs), consisting of: (a) our principal executive officer; (b) our principal financial officer; and (c) the three most highly compensated executive officers (other than the principal executive officer and principal financial officer) who were serving as executive officers at the end of 2018. The table summarizes the compensation attributable to services performed for us by our general partner's NEOs during fiscal years 2016, 2017 and 2018 but determined and paid by SunCoke. The amounts reported in the table below were calculated based upon an estimate of the portion of each NEO's total compensation paid by SunCoke which was reimbursed by us pursuant to the terms of the omnibus agreement. Further information regarding the compensation of our general partner's NEOs, who also are named executive officers of SunCoke, will be set forth in SunCoke's 2019 Proxy Statement. Compensation amounts set forth in SunCoke's 2019 Proxy Statement will include all compensation paid by SunCoke, including the amounts shown in the table below, which are attributable to services performed for us.

Name and Principal Position [1]	Year	Salary	Bonus	Stock Awards [2]	Option Awards [3]	Nonequity Incentive Plan Compensation [4]	Changes in Pension Value and Nonqualified Deferred Compensation Earnings [5]	All other Compensation [6]	Total
Michael G. Rippey	2018	$408,963	$—	$—	$—	$482,168	$—	$20,133	$911,264
Chairman & CEO	2017	33,032	—	925,201	209,199	—	—	—	1,167,432
	2018	431,079	—	286,230	67,361	337,922	—	75,466	1,198,058
Fay West	2017	422,080	—	173,218	43,301	512,067	—	80,202	1,230,868
SVP & CFO	2016	384,198	—	244,940	32,919	528,348	—	17,706	1,208,111
P. Michael Hardesty	2018	235,460	—	168,888	39,743	188,376	—	68,104	700,571
SVP, Commercial Ops., Bus. Dev. & Terminals	2017	225,749	—	95,391	23,847	239,644	—	69,861	654,492
	2016	215,020	—	134,896	18,129	258,734	—	40,288	667,067
Katherine T. Gates	2018	370,935	—	168,888	39,743	255,130	—	92,029	926,725
SVP, Gen. Counsel & Chief Compliance Officer	2017	355,637	—	119,238	29,809	305,616	—	90,657	900,957
	2016	301,253	—	100,579	13,517	274,056	—	51,655	741,060
Gary P. Yeaw	2018	125,093	—	124,999	29,417	69,708	—	17,622	366,839
SVP, Human Resources	2017	125,093	—	78,446	19,608	94,852	—	18,609	336,608
	2016	119,799	—	110,932	14,908	102,967	—	6,773	355,379

NOTES TO TABLE :

(1) Name and Principal Position . Each of our NEOs split their professional time between SunCoke and us, and all compensation paid to them is determined and paid by SunCoke. In accordance with SEC rules, a portion of the total compensation paid by SunCoke to the NEOs is allocated to the services performed for us, based on an estimate of the portion of each NEO's compensation which was reimbursed by us to SunCoke pursuant to the terms of the omnibus agreement, and which we believe accurately reflects the amount of compensation each NEO was paid for the services provided to us. For 2016, the applicable allocation percentage was approximately 56 percent, for 2017 the applicable allocation percentage was 59 percent and for 2018 the applicable allocation percentage was approximately 62 percent.The total compensation paid by SunCoke to the NEOs in 2016, 2017 and 2018, as well as a discussion of how their compensation was determined, is disclosed in SunCoke' 2019 Annual Meeting Proxy Statement.

(2) Stock Awards . The NEOs do not receive any equity awards from us. Equity awards were granted to the NEOs pursuant to the terms of the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan (" *LTPEP* "), and such awards include time-based restricted common stock units and performance-based common stock units (RSUs and PSUs, respectively) of SunCoke. The amounts shown in the table are the grant date fair value for the portion of such awards attributable to us, computed in accordance with FASB ASC Topic 718. The assumptions used by SunCoke to determine the grant date fair value of these equity awards can be found in SunCoke's Annual Report on Form 10-K for the year-ended December 31, 2018. For each NEO, the number and value of outstanding SunCoke equity awards (including unvested RSUs and PSUs) at year-end is reported in SunCoke's 2019 Annual Meeting Proxy Statement. PSUs awarded under the LTPEP are subject to three-year "cliff" vesting and are settled in shares of

SunCoke common stock, with eventual payout ranging from zero to 250% of target, depending upon the level of attainment of specified pre-determined performance goals and objectives for SunCoke. The value of these performance-based awards at grant date was calculated assuming that the highest level of performance conditions will be achieved.

(3) Option Awards . The NEO's do not receive any option awards from us. Nonqualified stock option awards and Nonqualified performance stock options awards were granted under the terms of pursuant to the terms of the SunCoke LTPEP. Amounts shown are the grant date fair value of SunCoke stock option awards attributable to us computed in accordance with FASB ASC Topic 718, excluding the effect of estimated forfeitures. The assumptions used by SunCoke to determine the grant date fair value of the option awards can be found in Note 15 Share-Based Compensation, in SunCoke's Annual Report on Form 10-K for the year-ended December 31, 2018. Once vested, the options may be exercised to acquire shares of SunCoke's common stock. For each NEO, the number and value of outstanding SunCoke equity awards (including unexercised stock options) at year-end is reported in SunCoke's 2019 Annual Meeting Proxy Statement.

(4) Non -Equity Incentive Plan . SunCoke provides a performance-based annual cash incentive plan (the "AIP"), in which our NEOs participate. Payments under the AIP are based upon the levels of attainment of certain pre-determined financial and operating goals of SunCoke. The AIP works in conjunction with SunCoke's Senior Executive Incentive Plan, or SEIP, which acts as an overlay to the AIP and sets a performance-based ceiling on the amounts paid under the AIP.

(5) Change in Pension Value and Nonqualified Deferred Compensation Earnings . SunCoke does not maintain any defined benefit pension plan, or supplemental executive retirement plan for its named executive officers, including our NEOs. However, our NEOs do participate in: (a) the SunCoke Energy, Inc. 401(k) Plan, a tax-qualified defined contribution plan available to all employees; and (b) the SunCoke Energy, Inc. Savings Restoration Plan, a nonqualified defined contribution plan for executives whose compensation exceeds IRS limits on compensation applicable to SunCoke's 401(k) plan. For the periods presented in the table, there were no above-market, or preferential, earnings on any compensation deferred under SunCoke's Savings Restoration Plan. Please refer to the "Nonqualified Deferred Compensation" table in SunCoke's 2019 Proxy Statement for further details of each NEOs aggregate earnings and account balance under SunCoke's Savings Restoration Plan.

(6) All Other Compensation . Amounts shown represent payments made by SunCoke on behalf of the NEOs and attributable to us. These amounts include annual and matching contributions to SunCoke's 401(k) and/or Savings Restoration Plan and a relocation stipend for Mr. Hardesty and Ms. Gates. None of these amounts were provided directly by us. No perquisites are disclosed because SunCoke does not provide its named executive officers (including our NEOs) with perquisites or other personal benefits such as partnership vehicles, club memberships, financial planning assistance, or tax preparation services.

Long-Term Incentive Plan

In connection with the completion of our initial public offering in 2013, our general partner adopted the SunCoke Energy Partners, L.P. Long-Term Incentive Plan, or LTIP. The LTIP allows for grants of (1) restricted units, (2) unit appreciation rights, referred to as UARs, (3) unit options, referred to as Options, (4) phantom units, (5) unit awards, (6) substitute awards, (7) other unit-based awards, (8) cash awards, (9) performance awards and (10) distribution equivalent rights, referred to as DERs, collectively referred to as Awards. The LTIP provides our general partner with maximum flexibility with respect to the design of compensatory arrangements for employees, officers, consultants, and directors of our general partner and any of its affiliates providing services to us. However, the only equity issued under the LTIP as of December 31, 2018 were quarterly payments of common units to those non-employee directors of our general partner who did not elect to defer receipt of their common unit retainer. Please see the section entitled "Director Compensation" for additional information regarding the compensation program for the non-employee directors of our general partner.

The LTIP is administered by the Board of Directors of our general partner or an alternative committee appointed by the Board of Directors of our general partner, to which we refer, collectively, as the "committee" for purposes of this summary. The committee has the power to determine to whom and when Awards will be granted, determine the amount of Awards (measured in cash or in shares of our common units), proscribe and interpret the terms and provisions of each Award agreement (the terms of which may vary), accelerate the vesting provisions associated with an Award, delegate duties under the LTIP and execute all other responsibilities permitted or required under the LTIP. The maximum aggregate number of common units that may be issued pursuant to any and all Awards under the LTIP shall not exceed 1,600,000 common units, subject to

adjustment due to recapitalization or reorganization, or related to forfeitures or the expiration of Awards, as provided under the LTIP.

If a common unit subject to any Award is not issued or transferred, or ceases to be issuable or transferable for any reason, including (but not exclusively) because units are withheld or surrendered in payment of taxes or any exercise or purchase price relating to an Award or because an Award is forfeited, terminated, expires unexercised, is settled in cash in lieu of common units, or is otherwise terminated without a delivery of units, those common units will again be available for issue, transfer, or exercise pursuant to Awards under the LTIP, to the extent allowable by law. Common units to be delivered pursuant to awards under our LTIP may be common units acquired by our general partner in the open market, from any other person, directly from us, or any combination of the foregoing.

SunCoke Compensatory Plans, Agreements, and Programs

The executive officers of our general partner, including our NEOs, are employed by SunCoke and they participate in the employee benefit plans, including retirement plans, and compensation arrangements of SunCoke. In accordance with the omnibus agreement, we reimburse our sponsor, SunCoke, for the portion of costs and expenses incurred by sponsor entities that are allocated to us, including the cost of salaries and other employee benefits, such as 401(k), pension, bonuses and health insurance benefits relating to SunCoke employees who provide services to us (including our NEOs). The following is a brief description of the severance, retirement, and change of control benefits provided by SunCoke.

Retirement Benefits. SunCoke does not maintain any tax-qualified defined benefit pension plan, or supplemental executive retirement plan. However **, o** ur NEOs have the opportunity to participate in the following SunCoke Energy, Inc. retirement plans:

- ***SunCoke 401(k) Plan.*** SunCoke offers all of its employees, including the NEOs, the opportunity to participate in the SunCoke 401(k) Plan, formerly known as SunCoke Energy Profit Sharing and Retirement Plan, which is a tax qualified defined contribution plan with 401(k) and profit sharing features designed primarily to help participating employees accumulate funds for retirement. Our NEOs may make elective contributions, and SunCoke makes company contributions consisting of a matching contribution equal to 100 percent of employee contributions up to 5 percent of eligible compensation and an employer contribution equal to 3 percent of eligible compensation. All NEOs are eligible to receive these contributions.
- ***Savings Restoration Plan.*** The Savings Restoration Plan, or SRP, is an unfunded, nonqualified deferred compensation plan administered by SunCoke and made available to participants in the SunCoke 401(k) Plan whose compensation exceeds the IRS limits on compensation that can be taken into account under that Plan ($270,000 for 2017 and $275,000 for 2018). Under the SRP, employees can make an advance election to defer on a pre-tax basis up to 50 percent of the portion of their salary and bonus that exceeds the compensation limit. Such amounts will be credited to a bookkeeping account established for each participant as of the date the amounts would otherwise have been paid to the participant. Employer contributions will be credited to the accounts of each employee who elects to defer compensation and they consist of (1) a matching contribution equal to 100 percent of the first 5 percent of compensation deferred by the participant under the SRP and (2) an additional contribution equal to 3 percent of the compensation deferred by the participant under the SRP. SunCoke Energy can also make additional discretionary contributions. Participants are fully vested in their own deferrals as well as the 3 percent employer contribution, and will vest in the employer matching contributions received for plan years and discretionary contributions in accordance with the vesting schedule in the 401(k) Plan, which provides for 100 percent vesting after three years of service. Participants can direct the investment of their bookkeeping accounts among the same investment alternatives available under the 401(k) Plan. Unless the participant elects otherwise, distributions are made in a lump sum on the first day of the seventh month following termination of employment with SunCoke (or immediately to the participant's beneficiary in the event of the participant's earlier death). The participant can elect, prior to his or her first year of participation, to receive a distribution in installments over two to ten years instead of a lump sum if he or she terminates due to retirement, which is defined as termination after attaining at least age 55 with combined age plus continuous years of service, equal to 65 years. In addition, a participant can elect, concurrently with the annual deferral election, to receive an in-service lump sum distribution of the amount he or she elects to defer for such year, with such payment date not earlier than three years from the end of the year in which the election is made. A participant can change the time or method of distribution in limited circumstances.

Severance and Change in Control Benefits. Our NEOs participate in the SunCoke Energy Executive Involuntary Severance Plan and the SunCoke Energy Special Executive Severance Plan. The purpose of these plans is to recognize an executive's service to SunCoke Energy and provide a market competitive level of protection and assistance if an executive is involuntarily terminated.

- ***Special Executive Severance Plan.*** SunCoke's Special Executive Severance Plan provides severance to designated executives whose employment is terminated by SunCoke other than for cause, death or disability, or who resign for good reason (as such terms are defined in the Plan) within two years following a change in control of SunCoke. Severance is generally payable in a lump sum, equal to two times the sum of the executive's annual base salary and the greater of (i) 100 percent of the executive's target annual incentive in effect immediately before the change in control or, if higher, employment termination date, or (ii) the average annual incentive awarded to the executive with respect to the three years ending before the change in control or, if higher, ending before the employment termination date, with the multiple depending on the executive's position. Executives are also entitled to (x) a pro rata portion of the current year Annual Incentive at Company performance if termination occurs after the first quarter of the calendar year, (y) the continuation of medical plan benefits (including dental) at active employee rates for the benefit extension period of two years (which run concurrently with COBRA), and (z) continuation of life insurance coverage equal to one time's the executive's base salary and outplacement services
- ***Executive Involuntary Severance Plan.*** The Executive Involuntary Severance Plan provides severance to designated executives whose employment is terminated by SunCoke other than for cause (as defined in the Plan), death or disability. Severance is paid in monthly installments and ranges from one to one and half times the sum of the executive's annual base salary and target annual incentive, depending on the executive's position. Executives are also entitled to a prorata portion of the current year Annual Incentive at Company performance if termination occurs after the first quarter of the calendar year, the continuation of medical plan benefits (excluding dental) at active employee rates for the salary continuation period of one to one and a half years (which run concurrently with COBRA), and continuation of life insurance coverage equal to one time's the executive's base salary and outplacement services. Severance is subject to the execution of a release of claims against SunCoke and its affiliates, including us, at the time of termination of the executive's employment.

Other SunCoke Benefits.

Our NEOs participate in the same basic benefits package and on the same terms as other eligible SunCoke employees. The benefits package includes the savings program described above, as well as medical and dental benefits, disability benefits, insurance (life, travel and accident), death benefits and vacations and holidays.

For additional detailed information regarding the compensatory plans, agreements and programs of SunCoke in which our NEOs participate, we encourage you to read SunCoke Energy, Inc.'s 2019 Annual Meeting Proxy Statement.

Compensation Committee Interlocks and Insider Participation

As previously discussed, our general partner's Board of Directors is not required to maintain, and does not maintain, a compensation committee. During 2018, all compensation decisions with respect to our NEOs were made by the Compensation Committee of the Board of Directors of SunCoke, which is comprised entirely of independent members of SunCoke's Board. In addition, none of these individuals receive any compensation directly from us or our general partner.

Compensation Policies and Practices as They Relate to Risk Management

We do not have any employees. We are managed and operated by the directors and officers of our general partner and employees of SunCoke perform services on our behalf. We do not have any compensation policies or practices that need to be assessed or evaluated for the effect on our operations. For an analysis of any risks arising from SunCoke's compensation policies and practices, please read SunCoke's 2019 Proxy Statement.

Board Report on Compensation

Neither we nor our general partner has a compensation committee. The Board of Directors of our general partner has reviewed and discussed with management the Compensation Discussion and Analysis set forth above and based on this review and discussion has approved it for inclusion in this Form 10-K.

Members of The Board:

- Michael G. Rippey (Chairman)
- John W. Somerhalder, II (Conflicts Committee Chair)
- Alvin Bledsoe (Audit Committee Chair)
- Martha Z. Carnes
- Fay West
- Katherine T. Gates
- P. Michael Hardesty

Director Compensation

Currently, directors who are also employees of SunCoke receive no additional compensation for service on the general partner's Board of Directors or any committees of the Board. As such, they are not included in the narrative or tabular disclosures below.

Compensation Philosophy: The Board of Directors believes that the compensation program for independent directors should be designed to: (i) attract experienced and highly qualified individuals; (ii) provide appropriate compensation for their commitment and contributions to the Partnership and its common unitholders; and (iii) align the interests of the independent directors and unitholders.

Retainers and Fees: The table below summarizes the current structure of our independent director compensation program:

Summary of Independent Director Compensation

	Mr. Alvin Bledsoe [1]	Ms. Martha Z. Carnes	Mr. John W. Somerhalder II
Annual Retainer (Cash Portion)	$ 72,000	$ 89,000	$ 99,000
Annual Retainer (Common Unit Portion)	68,000	85,000	85,000
SUBTOTAL (Base Retainers Only)	140,000	174,000	184,000
Audit Committee Chair Retainer (Cash)	20,000	Not applicable	Not applicable
Audit Committee Member Retainer (Cash)	Not applicable	10,000	10,000
Conflicts Committee Chair Retainer (Cash)	Not applicable	Not applicable	24,000
Conflicts Committee Member Retainer (Cash)	Not applicable	14,000	Not applicable
TOTAL	$ 160,000	$ 198,000	$ 218,000

(1) Mr. Bledsoe also serves as an independent director on the Board of Directors of, SunCoke, where he chairs the Audit Committee, and is compensated by SunCoke Energy, Inc.

Long-Term Incentive Plan: Each of the general partner's independent directors is entitled to receive a number of vested common units, paid quarterly, under the SunCoke Energy Partners GP LLC Long-Term Incentive Plan. These common units, representing limited partner interests in the Partnership, have an aggregate fair market value of $85,000 on an annualized basis. The fair market value of each quarterly payment is calculated as of the payment date, by dividing one-fourth of the aggregate portion of the annual common unit retainer value by the average closing price for a common unit during the ten trading days on the NYSE immediately prior to the payment date.

Directors' Deferred Compensation Plan: The SunCoke Energy Partners, L.P. Directors' Deferred Compensation Plan, or Deferred Compensation Plan, permits the general partner's independent directors to defer a portion of their cash and/or common unit compensation. Payments of compensation deferred under the Directors' Deferred Compensation Plan are restricted in terms of the earliest and latest dates that payments may begin. Payments of compensation deferred under the Deferred Compensation Plan will be made at, or commence on, January 15 of the calendar year following the calendar year in which an independent director leaves the Board, with any successive annual installment payments to be made no earlier than January 15 of each such year. Each independent director has the option to defer his or her compensation in the form of phantom unit credits, cash units or a combination of both. Cash units accrue interest at a rate set annually by the Board. A phantom unit credit is treated as though invested in Partnership common units, but the phantom unit credits do not have voting rights. Phantom unit credits are credited with distribution equivalent rights (in the form of additional phantom unit credits), on the applicable date(s) for the Partnership's cash distributions. Phantom unit credits are settled in

cash based upon the average closing price for the Partnership's common units during the ten trading days on the NYSE immediately prior to the payment date.

Unit Ownership Guidelines **:** The general partner's independent directors are not required to hold any minimum amount of Partnership common units. Pursuant to the Partnership's limited partnership agreement, the independent members of the general partner's Conflicts Committee are not permitted to hold any ownership interest (including common stock) in SunCoke Energy, Inc. [NYSE: SXC].

Other Benefits **:** As part of their compensation package, the general partner's independent the directors are reimbursed for their out-of-pocket expenses related to attendance at Board and Board Committee meetings including: hotel rooms/lodging, meals, and transportation (*e.g.,* commercial flights, trains, cars, parking, *etc* .).

Directors' & Officers' Insurance and Indemnification Agreements: The general partner's limited liability company operating agreement (the " LLC Agreement ") requires that the general partner indemnify its directors and officers, to the fullest extent permitted by applicable law, against any costs, expenses (including legal fees and expenses) and other liabilities to which they may become subject by reason of their service to the general partner and/or the Partnership. The general partner maintains an appropriate program of liability insurance for its directors and officers and has entered into indemnification agreements with its independent directors and certain key executive officers. This insurance and the indemnification agreements supplement the indemnification obligations contained in provisions in the LLC Agreement.

Director Compensation Table

The following table sets forth the compensation for our independent directors in fiscal 2018:

Name [1]	Fees Earned or Paid in Cash [2]	Unit Awards [3]	All Other Compensation [4]	Total
Alvin Bledsoe	$72,000	$68,000	$4,911	$144,911
Martha Z. Carnes	$89,000	$85,000	$2,998	$176,998
John W. Somerhalder, II	$99,000	$85,000	$12,999	$196,999
C. Scott Hobbs [5]	$—	$—	$998,285	$998,285
Wayne L. Moore [5]	$—	$—	$432,046	$432,046
Nancy M. Snyder [5]	$—	$—	$738,652	$738,652

NOTES TO TABLE :

(1) Messrs. Hobbs and Moore, and Ms. Snyder, each resigned from our general partner's Board of Directors effective September 1, 2017, and Messrs. Bledsoe and Somerhalder, and Ms. Carnes, were appointed to our general partner's Board of Directors effective September 1, 2017.

(2) The amounts in this column include all retainer and meeting fees paid or deferred pursuant to the Directors' Deferred Compensation Plan in 2018. As compensation for their time and effort spent during the fourth quarter of 2018 on the Simplification Transaction, Ms. Carnes and Mr. Somerhalder were paid $2,000 each for Conflicts Committee meeting attended in person and $1,000 for each Conflicts Committee meeting attended telephonically.

(3) The amounts in this column represent the fair value of the common unit retainer payments made to each director in fiscal 2018 as of the date of each quarterly payment, calculated pursuant to FASB ASC Topic 718. The number of common units granted to each independent director was determined by dividing the quarterly common unit retainer payment by the average closing price of a Partnership common unit for the ten trading days preceding the payment date in 2018. Messrs. Bledsoe, and Somerhalder each deferred their respective common unit retainers into the Directors' Deferred Compensation Plan.

(4) The amounts shown in this column reflect the value of distribution equivalents earned on deferred compensation account balances during 2018.

(5) On January 22, 2018, our former directors, Messrs. Hobbs and Moore, and Ms. Snyder received payment in cash for the entire balance of all deferred compensation credited to their respective deferred compensation accounts. In accordance with the terms of the Directors' Deferred Compensation Plan, compensation deferred in the form of phantom unit credits was valued using the average closing price for our common units for the period of ten (10) trading days immediately prior to January 15, 2018. Mr. Hobbs received a cash payment of $998,285, Mr. Moore received a cash payment of $432,046, and Ms. Snyder received a cash payment of $738,652.

Business Expenses: Each independent director is reimbursed for out-of-pocket expenses in connection with attending meetings of the Board of Directors or committees, including room, meals and transportation to and from the meetings.

Indemnification: Each director will be indemnified fully by us for actions associated with being a member of our general partner's Board of Directors, to the fullest extent permitted under applicable state law.

Independent Director Stock Ownership Guidelines: Consistent with our partnership agreement, Ms. Carnes and Mr. Somerhalder, as independent directors not otherwise affiliated with our general partner, or SunCoke Energy, Inc., are expected not to maintain any ownership interest in the common stock of SunCoke.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table sets forth as of January 31, 2019, the beneficial ownership of common units of SunCoke Energy Partners, L.P. held by: (i) affiliates of our general partner; (ii) each of the current directors and named executive officers of our general partner; and (iii) all current directors and executive officers of our general partner as a group.

Name of Beneficial Owner [1]	Common Units Beneficially Owned	Percentage of Common Units Beneficially Owned
Sun Coal & Coke LLC [2]	28,499,899	61.7%
Michael G. Rippey	—	*
Fay West	—	*
P. Michael Hardesty	6,031	*
Gary P. Yeaw	2,500	*
Katherine T. Gates	—	*
Allison S. Lausas	300	*
Alvin Bledsoe [3]	1,000	*
Martha Z. Carnes	1,668	*
John W. Somerhalder, II [3]	—	*
All directors and executive officers as a group (9 people)	11,499	*

* Less than one percent of our outstanding common units.

(1) The business address for SunCoke Energy Partners, L.P. and each individual is 1011 Warrenville Road, Suite 600, Lisle, Illinois 60532.

(2) Sun Coal & Coke LLC is a wholly owned direct subsidiary of SunCoke Energy, Inc., and is the sole member of our general partner.

(3) Certain directors have elected to defer all or a portion of their compensation into phantom unit credits under the SunCoke Energy Partners, L.P. Directors' Deferred Compensation Plan described in the section entitled "Executive Compensation-Director Compensation---Directors' Deferred Compensation Plan." Each phantom unit credit is treated as if it were invested in common units representing limited partnership interests in the Partnership, and distribution equivalents are credited in the form of additional phantom unit credits. These phantom unit credits do not have voting rights. Such phantom unit credits ultimately will be settled in cash following termination of the director's service on the Board, based upon the average closing price for our common units for the ten trading days on the NYSE immediately prior to the payment date. The following directors hold such phantom unit credits: Mr. Bledsoe: 6,188.31 phantom unit credits; Ms. Carnes: 5,847.96 phantom unit credits and Mr. Somerhalder: 16,723.64 phantom unit credits.

Beneficial Stock Ownership of Unaffiliated Persons Owning More Than Five Percent of Our Common Units

As of January 31, 2019, there were no reported common units beneficially owned by unitholders, not otherwise affiliated with us, in amounts greater than five percent of the outstanding common units representing limited partnership interests in the Partnership.

Beneficial Ownership of Our Sponsor's Common Stock by the Directors and Executive Officers of Our General Partner

The following table sets forth certain information regarding beneficial ownership of SunCoke Energy, Inc.'s common stock, as of January 31, 2019, by directors of our general partner, by each named executive officer and by all directors and executive officers of our general partner, as a group. Unless otherwise noted, each individual exercises sole voting or investment power over the shares of SunCoke common stock shown in the table. For purposes of this table, beneficial ownership includes shares of SunCoke common stock as to which the person has sole or shared voting or investment power and also any shares of SunCoke, Inc. common stock that such person has the right to acquire within 60 days of January 31, 2019, through the exercise of any option, warrant, or right.

Name	Shares of SunCoke Energy, Inc. Common Stock	Right to Acquire Within 60 Days After January 31, 2019 (1)	Total	Percent of SunCoke Energy, Inc. Common Stock Outstanding
Michael G. Rippey	—	24,288	24,288	*
Fay West	28,416	281,915	310,331	*
P. Michael Hardesty (2)	75,021	166,389	241,410	*
Gary P. Yeaw	44,070	153,294	197,364	*
Katherine T. Gates (3)	7,916	84,853	92,769	*
Allison S. Lausas	5,006	18,443	23,449	*
Alvin Bledsoe (4)	5,934	—	5,934	*
Martha Z. Carnes (5)	—	—	—	*
John W. Somerhalder, II (5)	—	—	—	*
All directors and executive officers as a group (9 people)	166,363	729,182	895,545	*

* Less than one percent of SunCoke's outstanding common stock.

(1) The amounts shown in this column reflect shares of SunCoke Energy, Inc. common stock which the persons listed have the right to acquire as a result of the vesting of stock options, conversion of restricted share units, and/or settlement of performance share units at 100% of target, within 60 days after January 31, 2019 under certain plans, including the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan.

(2) Mr. Hardesty also holds 9,981 units, valued at $4.61/unit, in the SunCoke 401(k) Plan, and 8,949 units, valued at $4.90/unit, in the SunCoke Energy, Inc. Savings Restoration Plan ("SRP"). Equivalent share ownership represented by these units was derived, in each case, by multiplying the number of units held by the current value per unit, and then dividing by $11.24/common share (NYSE closing price on January 31, 2019). Thus, Mr. Hardesty's participation in these funds represents an aggregate share equivalent position of approximately 7,995 shares of SunCoke. This position is not reflected in the data shown in the foregoing table.

(3) Ms. Gates also holds 3,433 units in the SRP. Equivalent share ownership represented by these units was derived by multiplying the number of units held by $4.90/unit (current value), and then dividing by $11.24/common share (NYSE closing price on January 31, 2019). Thus, Ms. Gates' participation in the SRP represents a share equivalent position of approximately 1,497 shares of SunCoke. This position is not reflected in the data shown in the foregoing table.

(4) Mr. Bledsoe is also a director of SunCoke Energy, Inc. and he has elected to defer a portion of his compensation from SunCoke in the form of Share Units under the SunCoke Energy, Inc. Directors' Deferred Compensation Plan. Mr. Bledsoe currently holds 67,906.49 Share Units. These Share Units are not reflected in the data shown in the foregoing table. Each Share Unit is treated as if it were invested in SunCoke common stock, and dividend equivalents (if any) are credited in the form of additional Share Units. These Share Units do not have voting rights. Such Share Units ultimately will be settled in cash (based upon a ten-day average closing price for trading

of SunCoke common stock on the NYSE prior to payment) following termination of Mr. Bledsoe's service on SunCoke's Board of Directors. A description of the SunCoke Energy, Inc. Directors' Deferred Compensation Plan will be included in the proxy statement for SunCoke's 2019 annual meeting of stockholders which will be available upon its filing on the SEC's website at www.sec.gov and on SunCoke's website at www.suncoke.com at the "Investors - Financial Reports - Annual Report & Proxy" tab. SunCoke's 2019 Proxy Statement also will be available free of charge from the Corporate Secretary of our general partner.

(5) Consistent with our partnership agreement, Ms. Carnes and Mr. Somerhalder, as independent directors otherwise unaffiliated with our general partner, or SunCoke, are expected not to maintain any ownership interest in the common stock of SunCoke Energy, Inc.

Securities Authorized for Issuance under Equity Compensation Plans

The following table provides information, as of December 31, 2018, regarding Partnership common units that may be issued upon conversion (assuming a one-for-one conversion) of securities granted under the general partner's Long-Term Incentive Plan. For more information about this plan, which did not require approval by the Partnership's limited partners, refer to "Item 11. Executive Compensation - Long-Term Performance Enhancement Plan."

EQUITY COMPENSATION PLAN INFORMATION [1]

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	Not Applicable	Not Applicable	Not Applicable
Equity compensation plans not approved by security holders	Not Applicable	Not Applicable	1,554,640

(1) The only securities issued under SunCoke Energy Partners, L.P. Long-Term Incentive Plan since the Partnership's initial public offering have been common units issued to directors in payment of their common unit retainers. Although permitted by the terms of the Long-Term Incentive Plan, no restricted units, unit appreciation rights, unit options, or other unit-based awards convertible into common units have been granted to executive officers or directors.

Item 13. Certain Relationships and Related Transactions, and Director Independence

SunCoke, through its Sun Coal & Coke subsidiary, beneficially owns 28,268,728 common units representing an aggregate limited partnership interest in us of 60.4 percent , and indirectly owns and controls our general partner. SunCoke also appoints all of the directors of our general partner. In addition, our general partner owns a 2 percent general partner interest in us and all of our IDRs.

The terms of the transactions and agreements disclosed in this section were determined by and among affiliated entities and, consequently, are not the result of arm's length negotiations. These terms and agreements are not necessarily at least as favorable to us as the terms that could have been obtained from unaffiliated third parties.

Distributions and Payments to Our General Partner and Its Affiliates

The following table summarizes the distributions and payments to be made by us to our general partner and its affiliates in connection with the ongoing operation and any liquidation of SunCoke Energy Partners, L.P.

See "Item 5. Market for Registrant's Common Equity, Related Stockholders Matters and Issuer Purchases of Equity Securities - The Partnership's Distribution Policy," for a complete description of the distributions we make to our general partner and its affiliates.

Operational Stage

Payments to our general partner and its affiliates	Under the terms of our omnibus agreement with SunCoke, our general partner and its affiliates do not receive a management fee or other compensation for its management of our partnership, but we reimburse our general partner and its affiliates for all direct and indirect expenses they incur and payments they make in providing general and administrative services on our behalf. Our partnership agreement does not set a limit on the amount of expenses for which our general partner and its affiliates may be reimbursed. Our partnership agreement provides that our general partner will determine in good faith the expenses that are allocable to us.
Withdrawal or removal of our general partner	If our general partner withdraws or is removed, its general partner interest and its IDRs will either be sold to the new general partner for cash or converted into common units, in each case for an amount equal to the fair market value of those interests.

Liquidation Stage

Liquidation	Upon our liquidation, the partners, including our general partner, will be entitled to receive liquidating distributions according to their particular capital account balances.

Agreements with Affiliates

We have entered into certain agreements with SunCoke, as described below. While we believe these agreements are on terms no less favorable to us than those that could have been negotiated with unaffiliated third parties, they are not the result of arm's-length negotiations.

Arrangements Between SunCoke Energy and the Partnership

Omnibus Agreement

The omnibus agreement with SunCoke and our general partner addresses certain aspects of our relationship, including:

Business Opportunities . We have a preferential right to invest in, acquire and construct cokemaking facilities in the U.S. and Canada. SunCoke has a preferential right to all other business opportunities. If we decide not to pursue an opportunity to construct a new cokemaking facility and SunCoke or any of its controlled affiliates undertake such construction, then upon completion of such construction, we will have the option to acquire such facility at a price

sufficient to give SunCoke an internal rate of return on its invested capital equal to the sum of SunCoke's weighted average cost of capital (as determined in good faith by SunCoke) and 6.0 percent. If we decide not to pursue an opportunity to invest in or acquire a cokemaking facility, SunCoke or any of its controlled affiliates may undertake such an investment or acquisition and if such acquisition is completed by SunCoke, the cokemaking facility so acquired will be subject to the right of first offer described below. If a business opportunity includes cokemaking facilities but such facilities represent a minority of the value of such business opportunity as determined by SunCoke in good faith, SunCoke will have a preferential right as to such business opportunity. These agreements as to business opportunities shall apply only so long as SunCoke controls us, and shall not apply with respect to any business opportunity SunCoke or any of its controlled affiliates was actively pursuing at the time of the closing of our IPO.

Right of First Offer . If SunCoke or any of its controlled affiliates decides to sell, convey or otherwise transfer to a third-party a cokemaking facility located in the U.S. or Canada or an interest therein, we shall have a right of first offer as to such facility. SunCoke shall have the same right of first offer if we decide to sell, convey or otherwise transfer to a third-party any cokemaking facility or an interest therein. In the event a party decides to sell, convey or otherwise transfer a cokemaking facility, it will offer the other party, referred to as the ROFO Party, such facility with a proposed price for such assets. If the ROFO Party does not exercise its right, the seller shall have the right to complete the proposed transaction, on terms not materially more favorable to the buyer than the last written offer proposed during negotiations with the ROFO Party, with a third-party within 270 days. If the seller fails to complete such a transaction within 270 days, then the right of first offer is reinstated. This right of first offer shall apply only so long as SunCoke controls us.

Indemnity . SunCoke will indemnify the Partnership with respect to remediation arising from any environmental matter discovered and identified as requiring remediation prior to the contribution by SunCoke to us of an interest in the Haverhill, Middletown and Granite City (Gateway) cokemaking facilities, except for any liability or increase in liability resulting from changes in environmental regulations; *provided, however,* that, in each case, SunCoke will be deemed to have contributed in satisfaction of this obligation, as of the effective date of the contribution of an interest in these cokemaking facilities, the amount identified in the applicable contribution agreement as being reserved to pre-fund existing environmental remediation projects.

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

Real Property . SunCoke will either cure or fully indemnify us for losses resulting from any material title defects at the properties owned by the entities in which we have acquired an interest from SunCoke, to the extent that such defects interfere with, or reasonably could be expected to interfere with, the operations of the related cokemaking facilities.

License . SunCoke has granted us a royalty-free license to use the name "SunCoke" and related marks. Additionally, SunCoke will grant 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 the portion of SunCoke's corporate and other costs and expenses attributable to our operations. Additionally, we have agreed to pay all fees (i) due under our revolving credit facility and/or existing senior notes; and (iii) in connection with any future financing arrangement entered into for the purpose of amending, modifying, or replacing our revolving credit facility or our senior notes.

The omnibus agreement can be amended by written agreement of all parties to the agreement. However, we may not agree to any amendment or modification 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. 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, provided (i) the indemnification obligations described above and (ii) our non-exclusive right to use all of SunCoke's existing cokemaking and related technology will remain in full force and effect in accordance with their terms.

Procedures for Review, Approval and Ratification of Transactions with Related Persons

Our general partner has adopted policies for the review, approval and ratification of transactions with related persons. The board has also adopted a written code of business conduct and ethics, under which a director is expected to bring to the attention of the chief executive officer or the board any conflict or potential conflict of interest that may arise between the director or any affiliate of the director, on the one hand, and us or our general partner on the other. The resolution of any such conflict or potential conflict should, at the discretion of the board in light of the circumstances, be determined by a majority of the disinterested directors.

If a conflict or potential conflict of interest arises between our general partner or its affiliates, on the one hand, and us or our unitholders, on the other hand, the resolution of any such conflict or potential conflict should be addressed by the Board of Directors of our general partner in accordance with the provisions of our partnership agreement. At the discretion of the board in light of the circumstances, the resolution may be determined by the board in its entirety or by the conflicts committee of the Board of Directors. Pursuant to our code of business conduct, executive officers are required to avoid conflicts of interest unless approved by the Board of Directors of our general partner.

In the case of any sale of equity by us in which an owner or affiliate of an owner of our general partner participates, our practice is to obtain approval of the board for the transaction. The board will typically delegate authority to set the specific terms to a pricing committee. Actions by the pricing committee will require unanimous approval. The code of business conduct and ethics described above were adopted in connection with the closing of our IPO, and as a result, the transactions described above were not reviewed according to such procedures.

Director Independence

See “Item 10. Directors, Executive Officers and Corporate Governance” for information regarding the directors of our general partner and independence requirements applicable for the Board of Directors of our general partner and its committees.

Item 14. Principal Accounting Fees and Services

Audit and Non-Audit Fees

KPMG served as the Partnership's principal independent public accountant. The following table shows the fees billed for audit, audit-related services and all other services for each of the last two years:

	Audit and Non-Audit Fees	
	2018	2017
Audit	$ 795,919	$ 864,475

Audit Committee Pre-Approval Policy

As outlined in its charter, the Audit Committee of the board of directors of our general partner maintains an auditor independence policy that mandates that the Audit Committee of its board of directors pre-approve the audit and non-audit services and related budget in advance. The policy identifies:

(1) the guiding principles that must be considered by the Audit Committee in approving services to ensure that the auditor’s independence is not impaired;

(2) describes the audit, audit-related and tax services that may be provided and the non-audit services that are prohibited; and

(3) sets forth pre-approval requirements for all permitted services.

In some cases, pre-approval is provided by the full Audit Committee for the applicable fiscal year for a particular category or group of services, subject to an authorized amount. In other cases, the Audit Committee specifically pre-approves services. To ensure compliance with the policy, the policy requires that our Vice President and Controller report the amount of fees incurred for the various services provided by the auditor not less frequently than semiannually. The Audit Committee has delegated authority to its Chair to pre-approve one or more individual audit or permitted non-audit services for which estimated fees do not exceed $50,000 , as well as adjustments to any estimated pre-approval fee thresholds up to $25,000 for any individual service. Any such pre-approvals must then be reported at the next scheduled meeting of the Audit Committee. All of the audit fees shown on the table above were pre-approved by the Audit Committee.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) the following documents are included with the filing of this report:

1 Consolidated financial statements

The consolidated financial statements are set forth under Item 8 of this report.

2 Financial statement schedules:

Financial statement schedules are omitted because required information is shown elsewhere in this report, is not necessary or is not applicable.

3 Exhibits:

Exhibit Number	Description
2.1	Contribution Agreement, dated as of January 12, 2015, by and among Sun Coal & Coke LLC, SunCoke Energy Partners, L.P., SunCoke Energy, Inc. and, solely with respect to Section 2.9 thereof, Gateway Energy & Coke Company, LLC, incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-35782) filed on January 13, 2015
2.2	Contribution Agreement, dated as of July 20, 2015, by and between Raven Energy Holdings, LLC and SunCoke Energy Partners, L.P., incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K (File No. 001-35782) filed on August 18, 2015.
2.3	Agreement and Plan of Merger dated as of February 4, 2019, by and among SunCoke Energy, Inc., SC Energy Acquisition LLC, SunCoke Energy Partners, L.P., and SunCoke Energy Partners GP LLC. (incorporated by reference to Exhibit 2.1 of the current Report on form 8-K, (file No. 001-35782) filed February 5, 2019.)
3.1	Certificate of Limited Partnership of SunCoke Energy Partners, L.P. incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
3.2	First Amended and Restated Agreement of Limited Partnership of SunCoke Energy Partners, L.P., dated as of January 24, 2013, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35782) filed on January 24, 2013
3.2.1	Amendment No. 1 to First Amended and Restated Agreement of Limited Partnership of SunCoke Energy Partners, L.P., dated December 23, 2015, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001- 35782) filed on December 30, 2015.
3.2.2	Amendment No. 2 to Second Amended and Restated Agreement of Limited Partnership of SunCoke Energy Partners, L.P., dated October 17, 2017, incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-35782) filed on October 17, 2017
4.1	Senior Notes Indenture, dated as of May 24, 2017, by and among SunCoke Energy Partners, L.P., SunCoke Energy Partners Finance Corp., the Guarantors named therein, and The Bank of New York Mellon, as trustee, incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K (File No. 001-35782) filed on May 25, 2017.
10.1	Omnibus Agreement, dated January 24, 2013, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35782) filed on January 24, 2013
10.1.1	Amendment No. 1 to Omnibus Agreement, dated March 17, 2014, incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q (File No. 001-35782) filed on October 28, 2014
10.1.2	Amendment No. 2 to Omnibus Agreement, dated as of January 13, 2015, incorporated by reference to Exhibit 10.4.2 to the Annual Report on Form 10-K (File No. 001-35782) filed on February 24, 2015.

10.2	Credit Agreement, dated May 24, 2017, incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K (File No. 001-35782) filed on May 25, 2017.
10.3†	Coke Purchase Agreement, dated as of October 28, 2003, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.6 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.1†	Amendment No. 1 to Coke Purchase Agreement, dated as of December 5, 2003, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.2†	Letter Agreement, dated as of May 7, 2008, between ArcelorMittal USA Inc., Haverhill Coke Company LLC, Jewell Coke Company, L.P. and ISG Sparrows Point LLC, serving as Amendment No. 2 to the Coke Purchase Agreement, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.3†	Amendment No. 3 to Coke Purchase Agreement, dated as of May 8, 2008, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.9 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.4†	Amendment No. 4 to Coke Purchase Agreement, dated as of January 26, 2011, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.5†	Amendment No. 5 to Coke Purchase Agreement, dated as of January 26, 2012, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.3.6†	Amendment No. 6 to Coke Purchase Agreement, dated as of March 15, 2012, by and between Haverhill Coke Company LLC, ArcelorMittal Cleveland Inc. (f/k/a ISG Cleveland Inc.) and ArcelorMittal Indiana Harbor Inc. (f/k/a ISG Indiana Harbor Inc.), incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.4†	Coke Purchase Agreement, dated as of August 31, 2009, by and between Haverhill Coke Company LLC and AK Steel Corporation, incorporated by reference to Exhibit 10.13 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.4.1†	Amendment No. 1 to Coke Purchase Agreement, dated as of May 8, 2012, by and between Haverhill Coke Company LLC and AK Steel Corporation, incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.5†	Energy Sales Agreement, dated as of August 31, 2009, by and between Haverhill Coke Company LLC and AK Steel Corporation, incorporated by reference to Exhibit 10.15 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.5.1†	Supplemental Energy Sales Agreement, dated as of June 1, 2012, by and between Haverhill Coke Company LLC and AK Steel Corporation, incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.6†	Coke Sale and Feed Water Processing Agreement, dated as of February 28, 2008, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation, incorporated by reference to Exhibit 10.32 to SunCoke Energy Inc.'s Amendment No.7 to Registration Statement on Form S-1 (File No. 333-173022) filed July 20, 2011
10.6.1†	Amendment No. 1 to Coke Sale and Feed Water Processing Agreement, dated as of November 1, 2010, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation, incorporated by reference to Exhibit 10.33 to SunCoke Energy, Inc.'s Amendment No.2 to Registration Statement on Form S-1 (File No. 333-173022) filed June 3, 2011

10.6.2	Amendment No. 2 to Coke Sale and Feed Water Processing Agreement, dated as of July 6, 2011, by and between Gateway Energy & Coke Company, LLC and U.S. Steel Corporation, incorporated by reference to Exhibit 10.9.2 to the Annual Report on Form 10-K (File No. 001-35782) filed on February 24, 2015.
10.6.3†	Amendment No. 3 to Coke Sale and Feed Water Processing Agreement, dated as of January 12, 2015, by and among Gateway Energy & Coke Company, LLC, Gateway Cogeneration Company LLC and U.S. Steel Corporation, incorporated by reference to Exhibit 10.9.3 to the Annual Report on Form 10-K (File No. 001-35782) filed on February 24, 2015.
10.7	Amended and Restated Coke Purchase Agreement, dated as of September 1, 2009 by and between Middletown Coke Company, LLC and AK Steel Corporation, incorporated herein by reference to Exhibit 10.17 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.8	Second Amended and Restated Energy Sales Agreement, dated as of May 8, 2012, by and between Middletown Coke Company, LLC and AK Steel Corporation, incorporated herein by reference to Exhibit 10.18 to the Registration Statement on Form S-1 (File No. 333-183162) filed August 8, 2012
10.9**	SunCoke Energy Partners, L.P. Long-Term Incentive Plan, incorporated by reference to Exhibit 10.4 to Amendment No. 6 to the Registration Statement on Form S-1 (File No. 333-183162) filed November 21, 2012
10.10**	SunCoke Energy Partners, L.P. Directors' Deferred Compensation Plan, incorporated by reference to Exhibit 10.19 to Amendment No. 6 to the Registration Statement on Form S-1 (File No. 333-183162) filed November 21, 2012
10.11	Support Agreement, dated as of February 4, 2019, by and between SunCoke Energy Partners, L.P., and Sun Coal & Coke LLC. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K (File No. 001-35782) filed on February 5, 2019.
21.1*	List of Subsidiaries of SunCoke Energy Partners, L.P. (filed herewith)
23.1*	Consent of KPMG LLP (filed herewith)
24.1*	Powers of Attorney (filed herewith)
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241) (filed herewith)
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 7241) (filed herewith)
32.1*	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) (furnished herewith)
32.2*	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) (furnished herewith)
95.1*	Mine Safety Disclosure (filed herewith)
101.INS*	XBRL Instance Document (filed herewith)
101.SCH*	XBRL Taxonomy Extension Schema Document (filed herewith)
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document (filed herewith)
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document (filed herewith)

* Provided herewith.

** Management contract or compensatory plan or arrangement

† Certain portions have been omitted pursuant to confidential treatment requests. Omitted information has been separately filed with the Securities and Exchange Commission.

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, on February 15, 2019 .

SunCoke Energy Partners, L.P.

By: SunCoke Energy Partners GP LLC, its general partner

By: /s/ Fay West

Fay West
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on February 15, 2019 .

Signature	Title
/s/ Michael G. Rippey* Michael G. Rippey	Chairman, President and Chief Executive Officer (Principal Executive Officer)
/s/ Fay West Fay West	Senior Vice President, Chief Financial Officer and Director (Principal Financial Officer)
/s/ Allison S. Lausas* Allison S. Lausas	Vice President, Finance and Controller (Principal Accounting Officer)
/s/ Katherine T. Gates* Katherine T. Gates	Senior Vice President, General Counsel, Chief Compliance Officer and Director
/s/ P. Michael Hardesty* P. Michael Hardesty	Senior Vice President, Commercial Operations, Business Development, Terminals, and International Coke and Director
/s/ Martha Z. Carnes* Martha Z. Carnes	Director
/s/ John W. Somerhalder, II* John W. Somerhalder, II	Director
/s/ Alvin Bledsoe* Alvin Bledsoe	Director

* Fay West, pursuant to powers of attorney duly executed by the above officers and directors of SunCoke Energy Partners, L.P. and filed with the SEC in Washington, D.C., hereby executes this Annual Report on Form 10-K on behalf of each of the persons named above in the capacity set forth opposite his or her name.

/s/ Fay West
Fay West

February 15, 2019

Exhibit 21.1

SunCoke Energy Partners, L.P.

Subsidiaries of the Registrant

Name	Registration
Haverhill Coke Company LLC (98%)*	DE
-----Haverhill Cogeneration Company LLC	DE
-----FF Farms Holdings LLC	DE
Middletown Coke Company, LLC (98%)*	DE
-----Middletown Cogeneration Company LLC	DE
Gateway Energy & Coke Company, LLC (98%)*	DE
-----Gateway Cogeneration Company LLC	DE
SunCoke Energy Partners Finance Corp.	DE
SunCoke Logistics LLC	DE
-----SunCoke Lake Terminal LLC	DE
-----Kanawha River Terminals LLC	DE
----------Marigold Dock, Inc.	DE
----------Ceredo Liquid Terminal	DE
-----Raven Energy LLC	DE
----------CMT Liquids Terminal, LLC	DE

* Remaining equity interest held indirectly by our sponsor, SunCoke Energy, Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
SunCoke Energy Partners, L.P.:

We consent to the incorporation by reference in the registration statement (No. 333-187428) on Form S-8 of SunCoke Energy Partners, L.P. of our report dated February 15, 2019, with respect to the consolidated balance sheets of SunCoke Energy Partners, L.P. as of December 31, 2018 and 2017, and the related consolidated statements of operations, equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes (collectively, the "combined and consolidated financial statements"), and the effectiveness of internal control over financial reporting as of December 31, 2018, which reports appear in the December 31, 2018 annual report on Form 10-K of SunCoke Energy Partners, L.P.

/s/ KPMG LLP

Chicago, Illinois
February 15, 2019

Exhibit 24.1

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ John W. Somerhalder, II
Name: John W. Somerhalder, II
Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Martha Z. Carnes
Name: Martha Z. Carnes
Title: Director

POWER OF ATTORNEY

The undersigned, a director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Alvin Bledsoe
Name: Alvin Bledsoe
Title: Director

POWER OF ATTORNEY

The undersigned, an officer and director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Fay West
Name: Fay West
Title: Senior Vice President
Chief Financial Officer and Director
(Principal Financial Officer)

POWER OF ATTORNEY

The undersigned, an officer and director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Katherine T. Gates
Name: Katherine T. Gates
Title: Senior Vice President,
General Counsel,
Chief Compliance Officer and Director

POWER OF ATTORNEY

The undersigned, an officer and director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Michael G. Rippey
Name: Michael G. Rippey
Title: Chairman, President, and
Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

The undersigned, an officer of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019 .

Signature: /s/ Allison S. Lausas
Name: Allison S. Lausas
Title: Vice President, Finance and Controller
(Principal Accounting Officer)

POWER OF ATTORNEY

The undersigned, an officer and director of SunCoke Energy Partners GP LLC, hereby constitutes and appoints Michael G. Rippey, Fay West and Katherine T. Gates, and each of them, his or her true and lawful attorneys-in-fact and agents with full power of substitution and re - substitution, for him or her and in his or her name place and stead, in any and all capacities, to sign for him or her in the capacities indicated below, the Annual Report of SunCoke Energy Partners, L.P. on Form 10-K for the fiscal year ended December 31, 2018 and any and all amendments to such Annual Report on Form 10-K, and to cause the same to be filed with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and desirable to be done in and about the premises as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all acts and things that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of this 15th day of February 2019.

Signature: /s/ P.Michael Hardesty

Name: P. Michael Hardesty

Title: Senior Vice President, Sales and Commercial Operations, Terminals and International Coke and Director

Exhibit 31.1

CERTIFICATION

I, Michael G. Rippey, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of SunCoke Energy Partners, L.P. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael G. Rippey
Michael G. Rippey
Chairman, President and Chief Executive Officer

February 15, 2019

Exhibit 31.2

CERTIFICATION

I, Fay West, certify that:

1. I have reviewed this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 of SunCoke Energy Partners, L.P. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d). Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Fay West
Fay West
Senior Vice President and Chief Financial Officer

February 15, 2019

Exhibit 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF SUNCOKE ENERGY PARTNERS GP LLC
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report on Form 10-K of SunCoke Energy Partners, L.P. for the fiscal year ended December 31, 2018 , I, Michael G. Rippey, Chairman, President and Chief Executive Officer of SunCoke Energy Partners GP LLC, the general partner of SunCoke Energy Partners, L.P., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Annual Report on Form 10-K for the fiscal year ended December 31, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 fairly presents, in all material respects, the financial condition and results of operations of SunCoke Energy Partners, L.P. for the periods presented therein.

/s/ Michael G. Rippey
Michael G. Rippey
Chairman, President and Chief Executive Officer

February 15, 2019

Exhibit 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF SUNCOKE ENERGY PARTNERS GP LLC
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report on Form 10-K of SunCoke Energy Partners, L.P. for the fiscal year ended December 31, 2018 , I, Fay West, Senior Vice President and Chief Financial Officer of SunCoke Energy Partners GP LLC, the general partner of SunCoke Energy Partners, L.P., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. This Annual Report on Form 10-K for the fiscal year ended December 31, 2018 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in this Annual Report on Form 10-K for the fiscal year ended December 31, 2018 fairly presents, in all material respects, the financial condition and results of operations of SunCoke Energy Partners, L.P. for the periods presented therein.

/s/ Fay West
Fay West
Senior Vice President and
Chief Financial Officer

February 15, 2019

Exhibit 95.1

SunCoke Energy Partners
Mine Safety Disclosures for the Period Ended December 31, 2018

We are committed to maintaining a safe work environment and working to ensure environmental compliance across all of our operations. The health and safety of our employees and limiting the impact to communities in which we operate are critical to our long-term success. We employ practices and conduct training to help ensure that our employees work safely. Furthermore, we utilize processes for managing, monitoring and improving safety and environmental performance.

We have consistently operated within the top quartile for the U.S. Occupational Safety and Health Administration's recordable injury rates as measured and reported by the American Coke and Coal Chemicals Institute. We also have worked to maintain low injury rates reportable to the U.S. Department of Labor's Mine Safety and Health Administration ("MSHA").

The following table presents the information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Whenever MSHA believes that a violation of the Federal Mine Safety and Health Act of 1977 (the "Mine Act"), any health or safety standard, or any regulation has occurred, it may issue a citation which describes the alleged violation and fixes a time within which the operator must abate the violation. In these situations, MSHA typically proposes a civil penalty, or fine, that the operator is ordered to pay. In evaluating the following table regarding mine safety, investors should take into account factors such as: (1) the number of citations and orders will vary depending on the size of a coal mine, (2) the number of citations issued will vary from inspector to inspector, mine to mine and MSHA district to district and (3) citations and orders can be contested and appealed, and during that process are often reduced in severity and amount, and are sometimes dismissed.

The mine data retrieval system maintained by MSHA may show information that is different than what is provided in the table below. Any such difference may be attributed to the need to update that information on MSHA's system or other factors. Orders and citations issued to independent contractors who work at our mine sites are not reported in the table below. All section references in the table below refer to provisions of the Mine Act.

Mine or Operating Name/MSHA Identification Number	Section 104 S&S Citations (#)(2)	Section 104(b) Orders (#) (3)	Section 104(d) Citations and Orders (#)(4)	Section 110(b) (2) Violations (#)(5)	Section 107(a) Orders (#)(6)	Total Dollar Value of MSHA Assessments Proposed ($)(7)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)(8)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)(9)	Legal Actions Pending as of Last Day of Period (#)(10) (11)	Legal Actions Initiated During Period (#) (12)	Legal Actions Resolved During Period (#) (13)
Ceredo Dock / 46-09051	1	0	0	0	0	$ 1,239	0	0	0	0	0	0
Quincy Dock / 46-07736	2	0	0	0	0	$ 118	0	0	0	0	0	0
Belfry #5 / 15-10789	0	0	0	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**0**	**0**	**0**	**$ 1,357**	**0**	**0**	**0**	**0**	**0**	**0**

(1) The table does not include the following: (i) facilities which have been idle or closed unless they received a citation or order issued by MSHA, (ii) permitted mining sites where we have not begun operations or (iii) mines that are operated on our behalf by contractors who hold the MSHA numbers and have the MSHA liabilities.

(2) Alleged violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard.

(3) Alleged failures to totally abate a citation within the period of time specified in the citation.

(4) Alleged unwarrantable failure (i.e., aggravated conduct constituting more than ordinary negligence) to comply with a mining safety standard or regulation.

(5) Alleged flagrant violations issued.

(6) Alleged conditions or practices which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated.

(7) Amounts shown include assessments proposed during the year ended December 31, 2018 and do not necessarily relate to the citations or orders reflected in this table. Assessments for citations or orders reflected in this table may be proposed by MSHA after December 31, 2018 .

(8) Alleged pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards.

(9) Alleged potential to have a pattern of violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of coal or other mine health or safety hazards.

(10) This number reflects legal proceedings which remain pending before the Federal Mine Safety and Health Review Commission (the "FMSHRC") as of December 31, 2018 . The pending legal actions may relate to the citations or orders issued by MSHA during the reporting period or to citations or orders issued in prior periods. The FMSHRC has jurisdiction to hear not only challenges to citations, orders, and penalties but also certain complaints by miners. The number of "pending legal actions" reported here reflects the number of contested citations, orders, penalties or complaints which remain pending as of December 31, 2018 .

(11) The legal proceedings which remain pending before the FMSHRC as of December 31, 2018 are categorized as follows in accordance with the categories established in the Procedural Rules of the FMSHRC.

Mine or Operating Name/MSHA Identification Number	Contests of Citations and Orders (#)	Contests of Proposed Penalties (#)	Complaints for Compensation (#)	Complaints for Discharge, Discrimination or Interference Under Section 105 (#)	Applications for Temporary Relief (#)	Appeals of Judges' Decisions or Orders (#)
Ceredo Dock / 46-09051	0	0	0	0	0	0
Quincy Dock / 46-07736	0	0	0	0	0	0
Belfry #5 / 15-10789	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

(12) This number reflects legal proceedings initiated before the FMSHRC during the year ended December 31, 2018 . The number of "initiated legal actions" reported here may not have remained pending as of December 31, 2018 .

(13) This number reflects legal proceedings before the FMSHRC that were resolved during the year ended December 31, 2018 .