

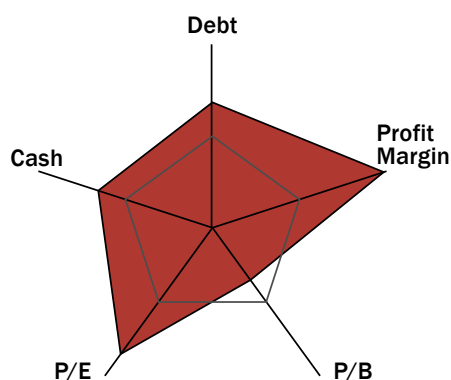
Alon USA Partners, LP (ALDW)

Overview

Annual Income Yield _____ 11.0%
Prior 3 month price range ____ \$12.26 (low) to \$20.25 (high)
Recent Annualized Earnings _ \$2.71 per share
Average Volume _____ 281 Thousand
Market Capitalization _____ \$1.18 Billion
Industry _____ Oil & Gas Refining & Marketing

[Company Website](#)

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Alon USA Partners, LP (ALDW) refines and markets petroleum products primarily in the South Central and Southwestern regions of the United States. The company owns and operates a crude oil refinery in Big Spring, Texas with crude oil throughput capacity of 73,000 barrels per day. It refines oil into petroleum products, including gasoline, diesel, jet fuel, petrochemicals, petrochemical feed stocks, asphalts, and other petroleum products. The company sells its products through its wholesale distribution network to retail convenience stores and other third-party distributors.

At December 31, 2014 ALDW had assets of \$770.2 million including \$238.7 million of current assets and \$445.7 million of property, plant and equipment and net value. Liabilities at the same point in time totaled \$581.8 million leaving unitholder equity of \$188.4 million or \$3.01 per unit. At December 31, 2013 ALDW had assets of \$849.9 million and liabilities

of \$704.5 million leaving unitholder equity of \$145.4 million or \$2.33 per unit. This was an increase of 29.2% year over year.

The company had net sales of \$3.22 billion for the twelve months ending December 31, 2014, a decline of (6.1%) from \$3.43 billion for the twelve months ending December 31, 2013. Net income was \$169.1 million up 24.2% from \$136.2 million; income per unit was \$2.71 up from \$2.18 year over year.

Cash from ALDW's operations was \$196.5 million, down from \$216.3 million 2014 from 2013. In 2014, investing activities cost \$74.8 million and financing activities cost \$169.0 million. Distributions consumed \$126.3 million or 64.3% of cash from operations.

Cash as of December 31, 2014 was \$106.3 million, down from \$153.6 million at the beginning of the year.

ALDW is a competitively priced investment, sporting above average rankings in debt, profitability, price to earnings, and cash levels. Price to book ratio is low compared to other investments but at the most recent pricing available represented a risk threshold of just over 5 years, which is a very competitive opportunity against other possible positions an income investor might take on.

ALDW is sensitive to consumer trends and pricing for refined petroleum products. These trends nationally bode ill for refinery operations. In spite of this ALDW has succeeded in

growing earnings.

Presently ALDW is yielding upwards of 11% based on \$2.02 distributed in 2014. We feel that this dividend is sustainable at these earnings and, despite concerns stemming from the state of the US and global economies and from the state of energy markets in particular, we feel that ALDW may weather the storm. Their performance in 2014 was exemplary and year to date their stock price is up over 40%.

Gasoline prices are appearing to bottom and oil prices remain weak from a supply glut while WTI-Brent spreads specifically should continue to offer ALDW a competitive advantage.

As such we think the risk/reward dynamics warrant an investment in ALDW.