

CF Industries Holdings, Inc.
Form 10-Q
August 04, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
(Mark One)

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

For the quarterly period ended June 30, 2016

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 001-32597

CF INDUSTRIES HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware 20-2697511

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

4 Parkway North, Suite 400 60015

Deerfield, Illinois (Zip Code)

(Address of principal executive offices)

(847) 405-2400

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company
<input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	<input type="checkbox"/>

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

233,129,911 shares of the registrant's common stock, \$0.01 par value per share, were outstanding at July 29, 2016.

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CF INDUSTRIES HOLDINGS, INC.
PART I—FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended June 30, 2016		Six months ended June 30, 2015		
	(in millions, except per share amounts)				
Net sales	\$1,134	\$1,311	\$2,138	\$2,265	
Cost of sales	607	625	1,394	1,163	
Gross margin	527	686	744	1,102	
Selling, general and administrative expenses	52	38	97	78	
Transaction costs	165	—	179	—	
Other operating—net	63	23	124	41	
Total other operating costs and expenses	280	61	400	119	
Equity in (losses) earnings of operating affiliates	(9) 5	(9) 14	
Operating earnings	238	630	335	997	
Interest expense	61	29	99	63	
Interest income	(1) —	(2) (1)
Other non-operating—net	—	—	(2) —	
Earnings before income taxes and equity in losses of non-operating affiliates	178	601	240	935	
Income tax provision	95	200	110	313	
Equity in losses of non-operating affiliates—net of taxes	—	(36) —	(21)
Net earnings	83	365	130	601	
Less: Net earnings attributable to noncontrolling interests	36	13	57	18	
Net earnings attributable to common stockholders	\$47	\$352	\$73	\$583	
Net earnings per share attributable to common stockholders:					
Basic	\$0.20	\$1.50	\$0.31	\$2.45	
Diluted	\$0.20	\$1.49	\$0.31	\$2.44	
Weighted-average common shares outstanding:					
Basic	233.3	235.2	233.2	237.4	
Diluted	233.5	236.1	233.5	238.3	
Dividends declared per common share	\$0.30	\$0.30	\$0.60	\$0.60	

See accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(in millions)			
Net earnings	\$83	\$365	\$130	\$601
Other comprehensive (loss) income:				
Foreign currency translation adjustment—net of taxes	(38)	36	10	(50)
Defined benefit plans—net of taxes	(3)	(1)	(3)	5
	(41)	35	7	(45)
Comprehensive income	42	400	137	556
Less: Comprehensive income attributable to noncontrolling interests	36	13	57	18
Comprehensive income attributable to common stockholders	\$6	\$387	\$80	\$538

See accompanying Notes to Unaudited Consolidated Financial Statements.

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CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	June 30, 2016	December 31, 2015
	(in millions, except share and per share amounts)	
Assets		
Current assets:		
Cash and cash equivalents	\$2,008	\$ 286
Restricted cash	7	23
Accounts receivable—net	239	267
Inventories	231	321
Prepaid income taxes	855	185
Other current assets	34	45
Total current assets	3,374	1,127
Property, plant and equipment—net	9,413	8,539
Investments in affiliates	289	298
Goodwill	2,363	2,390
Other assets	323	329
Total assets	\$15,762	\$ 12,683
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$742	\$ 918
Income taxes payable	1	5
Customer advances	13	162
Other current liabilities	17	130
Total current liabilities	773	1,215
Long-term debt	5,540	5,537
Deferred income taxes	1,787	916
Other liabilities	497	628
Equity:		
Stockholders' equity:		
Preferred stock—\$0.01 par value, 50,000,000 shares authorized	—	—
Common stock—\$0.01 par value, 500,000,000 shares authorized, 2016—235,502,791 shares issued and 2015—235,493,395 shares issued	2	2
Paid-in capital	1,384	1,378
Retained earnings	2,991	3,058
Treasury stock—at cost, 2016—2,370,194 shares and 2015—2,411,839 shares	(150)	(153)
Accumulated other comprehensive loss	(243)	(250)
Total stockholders' equity	3,984	4,035
Noncontrolling interests	3,181	352
Total equity	7,165	4,387
Total liabilities and equity	\$15,762	\$ 12,683

See accompanying Notes to Unaudited Consolidated Financial Statements.

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CF INDUSTRIES HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)

	Common Stockholders				Accumulated	Total	Noncontrolling	Total
	Par Value Common Stock	Treasury Stock	Paid-In Capital	Retained Earnings	Other Comprehensive Income (Loss)	Stockholders' Equity	Interests	Equity
	(in millions, except per share amounts)							
Balance as of December 31, 2014	\$2	\$(222)	\$1,414	\$3,175	\$(160)	\$4,209	\$363	\$4,572
Net earnings	—	—	—	583	—	583	18	601
Other comprehensive income:								
Foreign currency translation adjustment—net of taxes	—	—	—	—	(50)	(50)	—	(50)
Defined benefit plans—net of taxes	—	—	—	—	5	5	—	5
Comprehensive income						538	18	556
Purchases of treasury stock	—	(505)	—	—	—	(505)	—	(505)
Retirement of treasury stock	—	597	(62)	(535)	—	—	—	—
Acquisition of treasury stock under employee stock plans	—	—	(1)	—	—	(1)	—	(1)
Issuance of \$0.01 par value common stock under employee stock plans	—	1	7	—	—	8	—	8