

CF Industries Holdings, Inc.  
Form 10-Q  
August 07, 2014

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

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**FORM 10-Q**

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(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, 2014**

**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**

(State or other jurisdiction of  
incorporation or organization)

**20-2697511**

(I.R.S. Employer  
Identification No.)

**4 Parkway North, Suite 400  
Deerfield, Illinois**

(Address of principal executive offices)

**60015**

(Zip Code)

**(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

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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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

49,670,730 shares of the registrant's common stock, \$0.01 par value per share, were outstanding at July 31, 2014.

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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,		Six months ended June 30,	
	2014	2013	2014	2013
	(in millions, except per share amounts)			
Net sales	\$ 1,472.7	\$ 1,714.9	\$ 2,605.3	\$ 3,051.4
Cost of sales	882.4	849.7	1,572.2	1,511.1
<b>Gross margin</b>	<b>590.3</b>	<b>865.2</b>	<b>1,033.1</b>	<b>1,540.3</b>
Selling, general and administrative expenses	39.5	44.5	81.2	88.8
Other operating net	21.6	(3.5)	15.8	11.1
Total other operating costs and expenses	61.1	41.0	97.0	99.9
Gain on sale of phosphate business			747.1	
Equity in earnings of operating affiliates	2.1	9.5	17.9	21.1
<b>Operating earnings</b>	<b>531.3</b>	<b>833.7</b>	<b>1,701.1</b>	<b>1,461.5</b>
Interest expense	50.7	32.3	90.7	71.4
Interest income	(0.3)	(1.0)	(0.5)	(3.1)
Other non-operating net	0.7	(0.3)	0.6	54.4
Earnings before income taxes and equity in earnings (losses) of non-operating affiliates	480.2	802.7	1,610.3	1,338.8
Income tax provision	157.2	282.9	570.4	390.3
Equity in earnings (losses) of non-operating affiliates net of taxes	1.7	(1.7)	5.2	(1.0)
<b>Net earnings</b>	<b>324.7</b>	<b>518.1</b>	<b>1,045.1</b>	<b>947.5</b>
Less: Net earnings attributable to noncontrolling interest	12.1	19.9	24.0	42.8
<b>Net earnings attributable to common stockholders</b>	<b>\$ 312.6</b>	<b>\$ 498.2</b>	<b>\$ 1,021.1</b>	<b>\$ 904.7</b>
<b>Net earnings per share attributable to common stockholders:</b>				
Basic	\$ 6.12	\$ 8.43	\$ 19.31	\$ 14.91

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Diluted	\$	6.10	\$	8.38	\$	19.24	\$	14.80
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Weighted average common shares outstanding:

Basic	51.1	59.1	52.9	60.7
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Diluted	51.2	59.5	53.1	61.1
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Dividends declared per common share	\$	1.00	\$	0.40	\$	2.00	\$	0.80
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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,	
	2014	2013	2014	2013
	(in millions)			
Net earnings	\$ 324.7	\$ 518.1	\$ 1,045.1	\$ 947.5
Other comprehensive income (loss):				
Foreign currency translation adjustment net of taxes	30.3	(11.5)	13.4	(68.2)
Unrealized loss on hedging derivatives net of taxes		3.6		(4.2)
Unrealized gain on securities net of taxes	0.2	0.2	0.3	0.6
Defined benefit plans net of taxes	(0.9)	2.4	6.5	5.4
	29.6	(5.3)	20.2	(66.4)
Comprehensive income	354.3	512.8	1,065.3	881.1
Less: Comprehensive income attributable to noncontrolling interest	12.1	19.8	24.0	42.1
Comprehensive income attributable to common stockholders	\$ 342.2	\$ 493.0	\$ 1,041.3	\$ 839.0

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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**CF INDUSTRIES HOLDINGS, INC.**  
**CONSOLIDATED BALANCE SHEETS**

	(Unaudited)	
	June 30, 2014	December 31, 2013
	(in millions, except share and per share amounts)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,194.1	\$ 1,710.8
Restricted cash	645.0	154.0
Accounts receivable net	258.3	230.9
Inventories net	205.0	274.3
Deferred income taxes	52.5	60.0
Prepaid income taxes		33.4
Assets held for sale		74.3
Other	50.8	92.4
<b>Total current assets</b>	<b>3,405.7</b>	<b>2,630.1</b>
Property, plant and equipment net	4,605.1	4,101.7
Investments in and advances to affiliates	943.0	926.0
Goodwill	2,095.7	2,095.8
Noncurrent assets held for sale		679.0
Other assets	255.4	245.5
<b>Total assets</b>	<b>\$ 11,304.9</b>	<b>\$ 10,678.1</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 551.9	\$ 564.1
Income taxes payable	87.3	73.3
Customer advances	63.4	120.6
Liabilities held for sale		26.8
Other	17.7	43.5
<b>Total current liabilities</b>	<b>720.3</b>	<b>828.3</b>
Long-term debt	4,592.4	3,098.1
Deferred income taxes	829.8	833.2
Noncurrent liabilities held for sale		154.5
Other noncurrent liabilities	317.3	325.6
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, 2014 52,134,158 shares issued and 2013 56,733,712 shares issued	0.5	0.6
Paid-in capital	1,484.9	1,594.3

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Retained earnings	3,622.4	3,725.6
Treasury stock at cost, 2014 2,464,367 shares and 2013 885,518 shares	(603.1)	(201.8)
Accumulated other comprehensive loss	(22.4)	(42.6)
Total stockholders' equity	4,482.3	5,076.1
Noncontrolling interest	362.8	362.3
Total equity	4,845.1	5,438.4
Total liabilities and equity	\$ 11,304.9	\$ 10,678.1

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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## CF INDUSTRIES HOLDINGS, INC.

## CONSOLIDATED STATEMENTS OF EQUITY

(Unaudited)

	\$0.01 Par Value Common Stock	Treasury Stock	Common Stockholders			Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
			Paid-In Capital	Retained Earnings					
(in millions)									
Balance at December 31, 2012	\$ 0.6	\$ (2.3)	\$ 2,492.4	\$ 3,461.1	\$ (49.6)	\$ 5,902.2	\$ 380.0	\$ 6,282.2	
Net earnings				904.7		904.7	42.8	947.5	
Other comprehensive income									
Foreign currency translation adjustment net of taxes					(67.5)	(67.5)	(0.7)	(68.2)	
Unrealized loss on hedging derivatives net of taxes					(4.2)	(4.2)		(4.2)	
Unrealized gain on securities net of taxes					0.6	0.6		0.6	
Defined benefit plans net of taxes					5.4	5.4		5.4	
Comprehensive income						839.0	42.1	881.1	
Acquisitions of noncontrolling interests in CFL			(752.5)			(752.5)	(16.8)	(769.3)	
Acquisition of treasury stock under employee stock plans		(0.5)				(0.5)		(0.5)	
Purchases of treasury stock		(981.5)				(981.5)		(981.5)	
Retirement of treasury stock		750.1	(106.3)	(643.8)					
Issuance of \$0.01 par value common stock under employee stock plans		0.9	4.3			5.2		5.2	
Stock-based compensation expense			6.0			6.0		6.0	
Excess tax benefit from stock-based compensation			9.6			9.6		9.6	
Cash dividends (\$0.80 per share)				(48.9)		(48.9)		(48.9)	
Declaration of distribution payable							(40.6)	(40.6)	
Effect of exchange rates changes							0.1	0.1	
Balance at June 30, 2013	\$ 0.6	\$ (233.3)	\$ 1,653.5	\$ 3,673.1	\$ (115.3)	\$ 4,978.6	\$ 364.8	\$ 5,343.4	
Balance at December 31, 2013	\$ 0.6	\$ (201.8)	\$ 1,594.3	\$ 3,725.6	\$ (42.6)	\$ 5,076.1	\$ 362.3	\$ 5,438.4	
Net earnings				1,021.1		1,021.1	24.0	1,045.1	
Other comprehensive income									
Foreign currency translation adjustment net of taxes					13.4	13.4		13.4	
Unrealized gain on securities net of taxes									