

MOSAIC CO
Form 10-Q
May 06, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☐ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 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 001-32327

The Mosaic Company

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

20-1026454
(I.R.S. Employer
Identification No.)

3033 Campus Drive

Suite E490

Plymouth, Minnesota 55441

(800) 918-8270

(Address and zip code of principal executive offices and registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 Accelerated filer Non-accelerated filer 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 340,031,066 shares of Common Stock and 43,629,406 shares of Class A Common Stock and 0 shares of Class B Common Stock as of May 5, 2014.

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(In millions, except per share amounts)

(Unaudited)

	Three months ended March 31,	
	2014	2013
Net sales	\$ 1,986.2	\$ 2,312.4
Cost of goods sold	1,574.6	1,670.6
Gross margin	411.6	641.8
Selling, general and administrative expenses	120.0	91.9
Other operating expense	25.0	58.8
Operating earnings	266.6	491.1
Change in value of share repurchase agreement	(60.0)	
Interest (expense) income, net	(26.7)	3.7
Foreign currency transaction gain	43.4	16.9
Other expense	(4.9)	(0.4)
Earnings from consolidated companies before income taxes	218.4	511.3
(Benefit from) provision for income taxes	(2.6)	133.7
Earnings from consolidated companies	221.0	377.6
Equity in net earnings (loss) of nonconsolidated companies	(3.3)	2.3
Net earnings including noncontrolling interests	217.7	379.9
Less: Net earnings attributable to noncontrolling interests	0.2	0.1
Net earnings attributable to Mosaic	\$ 217.5	\$ 379.8
Basic net earnings per share attributable to Mosaic	\$ 0.54	\$ 0.89
Diluted net earnings per share attributable to Mosaic	\$ 0.54	\$ 0.89
Basic weighted average number of shares outstanding	378.2	425.7
Diluted weighted average number of shares outstanding	379.6	427.2

See Notes to Condensed Consolidated Financial Statements

Table of Contents**THE MOSAIC COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In millions)

(Unaudited)

	Three months ended March 31,	
	2014	2013
Net earnings, including noncontrolling interest	\$ 217.7	\$ 379.9
Other comprehensive income (loss), net of tax		
Foreign currency translation, net of tax	(238.6)	(152.2)
Net actuarial gain and prior service cost, net of tax	3.4	3.8
Amortization of loss on interest rate swap	0.7	
Other comprehensive income (loss)	(234.5)	(148.4)
Comprehensive income (loss)	(16.8)	231.5
Less: Comprehensive income attributable to noncontrolling interest	0.7	0.3
Comprehensive income (loss) attributable to Mosaic	\$ (17.5)	\$ 231.2

See Notes to Condensed Consolidated Financial Statements

Table of Contents**THE MOSAIC COMPANY****CONDENSED CONSOLIDATED BALANCE SHEETS**

(In millions, except per share amounts)

(Unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,490.7	\$ 5,293.1
Receivables, net	597.4	543.1
Inventories	1,606.6	1,432.9
Deferred income taxes	156.5	129.9
Other current assets	504.2	706.8
Total current assets	5,355.4	8,105.8
Property, plant and equipment, net of accumulated depreciation of \$4,137.5 million and \$4,025.0 million, respectively	9,551.9	8,576.6
Investments in nonconsolidated companies	579.6	576.4
Goodwill	1,764.7	1,794.4
Deferred income taxes	189.2	152.2
Other assets	671.5	348.6
Total assets	\$ 18,112.3	\$ 19,554.0
Liabilities and Equity		
Current liabilities:		
Short-term debt	\$ 41.3	\$ 22.6
Current maturities of long-term debt	0.4	0.4
Accounts payable	592.8	570.2
Accrued liabilities	753.2	666.3
Contractual share repurchase liability	755.8	1,985.9
Deferred income taxes	19.8	20.5
Total current liabilities	2,163.3	3,265.9
Long-term debt, less current maturities	3,009.1	3,008.9
Deferred income taxes	993.2	1,031.5
Other noncurrent liabilities	1,095.6	927.1
Equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of March 31, 2014 and December 31, 2013		
Class A Common Stock, \$0.01 par value, 211,380,055 shares authorized, 49,814,264 shares issued and outstanding as of March 31, 2014, 254,300,000 shares authorized, 128,759,772 shares issued and 85,839,827 shares outstanding as of December 31, 2013	0.5	1.3
Class B Common Stock, \$0.01 par value, 87,008,602 shares authorized, none issued and outstanding as of March 31, 2014 and December 31, 2013		
Common Stock, \$0.01 par value, 1,000,000,000 shares authorized, 352,215,782 shares issued and 340,022,320 shares outstanding as of March 31, 2014, 352,204,571 shares issued and 340,166,109 shares outstanding as of December 31, 2013	3.4	3.0
Capital in excess of par value	32.4	1.6
Retained earnings	10,916.7	11,182.1

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Accumulated other comprehensive income (loss)	(120.7)	114.3
Total Mosaic stockholders equity	10,832.3	11,302.3
Noncontrolling interests	18.8	18.3
Total equity	10,851.1	11,320.6
Total liabilities and equity	\$ 18,112.3	\$ 19,554.0

See Notes to Condensed Consolidated Financial Statements

Table of Contents**THE MOSAIC COMPANY****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In millions)

(Unaudited)

	Three months ended	
	March 31,	March 31,
	2014	2013
Cash Flows from Operating Activities:		
Net earnings including noncontrolling interests	\$ 217.7	\$ 379.9
Adjustments to reconcile net earnings including noncontrolling interests to net cash provided by operating activities:		
Depreciation, depletion and amortization	174.3	155.0
Deferred income taxes	(58.9)	4.4
Equity in net loss (earnings) of nonconsolidated companies, net of dividends	3.3	(4.6)
Accretion expense for asset retirement obligations	10.5	9.8
Share-based compensation expense	34.9	3.0
Change in value of share repurchase agreement	60.0	
Unrealized (gain) loss on derivatives	7.9	28.7
Other	4.0	1.4
Changes in assets and liabilities:		
Receivables, net	(84.9)	(73.5)
Inventories	(27.3)	16.7
Other current and noncurrent assets	151.4	(26.7)
Accounts payable	86.8	5.2
Accrued liabilities and income taxes	77.2	135.8
Other noncurrent liabilities	(29.9)	(55.7)
Net cash provided by operating activities	627.0	579.4
Cash Flows from Investing Activities:		
Capital expenditures	(274.9)	(367.5)
Acquisition of business	(1,353.6)	
Investments in nonconsolidated companies	(5.8)	(15.0)
Other		4.0
Net cash used in investing activities	(1,634.3)	(378.5)
Cash Flows from Financing Activities:		
Payments of short-term debt	(58.4)	(64.2)
Proceeds from issuance of short-term debt	65.9	83.2
Payments of long-term debt	(0.3)	(0.2)
Proceeds from issuance of long-term debt	0.2	&nbs