

MOSAIC CO
Form 10-Q
April 09, 2009
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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 February 28, 2009

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)

20-0891589
(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 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: 444,411,882 common shares as of March 31, 2009.

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(In millions, except per share amounts)

(Unaudited)

	Three months ended		Nine months ended	
	February 28, 2009	February 29, 2008	February 28, 2009	February 29, 2008
Net sales	\$ 1,375.5	\$ 2,147.2	\$ 8,704.5	\$ 6,345.9
Cost of goods sold	1,206.9	1,419.3	5,820.1	4,473.1
Lower of cost or market write-down	28.3		321.8	
Gross margin	140.3	727.9	2,562.6	1,872.8
Selling, general and administrative expenses	71.3	81.2	238.1	227.6
Restructuring loss (gain)	0.6	(0.8)	0.6	9.5
Other operating expenses	24.7	0.1	49.3	9.1
Operating earnings	43.7	647.4	2,274.6	1,626.6
Interest expense, net	8.2	24.7	27.1	84.2
Foreign currency transaction (gain) loss	(47.1)	(1.5)	(166.1)	70.3
Gain on sale of equity investment			(673.4)	
Other income	(0.2)	(26.5)	(6.1)	(27.7)
Earnings from consolidated companies before income taxes	82.8	650.7	3,093.1	1,499.8
Provision for income taxes	30.7	159.2	979.6	360.9
Earnings from consolidated companies	52.1	491.5	2,113.5	1,138.9
Equity in net earnings of nonconsolidated companies	6.0	30.9	94.5	88.2
Minority interests in net loss (earnings) of consolidated companies	0.7	(1.6)	(4.7)	(6.8)
Net earnings	\$ 58.8	\$ 520.8	\$ 2,203.3	\$ 1,220.3
Basic net earnings per share	\$ 0.13	\$ 1.17	\$ 4.96	\$ 2.76
Diluted net earnings per share	\$ 0.13	\$ 1.17	\$ 4.94	\$ 2.74
Basic weighted average number of shares outstanding	444.4	443.3	444.2	442.3
Diluted weighted average number of shares outstanding	445.8	446.1	446.2	445.1

See Notes to Consolidated Financial Statements

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

(In millions, except share and per share amounts)

(Unaudited)

	February 28, 2009	May 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,529.0	\$ 1,960.7
Receivables, net	627.9	972.5
Receivables due from Cargill, Incorporated and affiliates	5.5	66.7
Inventories	1,434.7	1,350.9
Deferred income taxes	209.3	256.9
Other current assets	413.2	201.8
Total current assets	5,219.6	4,809.5
Property, plant and equipment, net	4,379.9	4,648.0
Investments in nonconsolidated companies	300.5	353.8
Goodwill	1,660.4	1,875.2
Other assets	212.9	133.3
Total assets	\$ 11,773.3	\$ 11,819.8
Liabilities and Stockholders Equity		
Current liabilities:		
Short-term debt	\$ 90.0	\$ 133.1
Current maturities of long-term debt	29.8	43.3
Accounts payable	290.2	1,003.9
Trade accounts payable due to Cargill, Incorporated and affiliates	5.8	18.2
Cargill prepayments and accrued liabilities	11.4	35.0
Accrued liabilities	762.8	785.9
Accrued income taxes		131.9
Deferred income taxes	38.8	34.8
Total current liabilities	1,228.8	2,186.1
Long-term debt, less current maturities	1,267.7	1,374.0
Long-term debt-due to Cargill, Incorporated and affiliates	0.4	1.0
Deferred income taxes	619.9	516.2
Other noncurrent liabilities	861.2	987.9
Minority interest in consolidated subsidiaries	20.4	23.4
Stockholders equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of February 28, 2009 and May 31, 2008		
Common stock, \$0.01 par value, 700,000,000 shares authorized:		
Class B common stock, none issued and outstanding as of February 28, 2009 and May 31, 2008		
Common stock, 444,403,349 and 443,925,006 shares issued and outstanding as of February 28, 2009 and May 31, 2008, respectively	4.4	4.4
Capital in excess of par value	2,476.6	2,450.8
Retained earnings	5,621.6	3,485.4
Accumulated other comprehensive (expense) income	(327.7)	790.6

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Total stockholders' equity	7,774.9	6,731.2
Total liabilities and stockholders' equity	\$ 11,773.3	\$ 11,819.8

See Notes to Consolidated Financial Statements

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

(In millions)

(Unaudited)

	Nine months ended	
	February 28, 2009	February 29, 2008
Cash Flows from Operating Activities		
Net earnings	\$ 2,203.3	\$ 1,220.3
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	267.5	253.4
Lower of cost or market write-down	321.8	
Minority interest	4.7	6.8
Deferred income taxes	117.9	(23.9)
Equity in net earnings of nonconsolidated companies, net of dividends	(62.8)	(53.6)
Accretion expense for asset retirement obligations	27.0	25.2
Amortization of out-of-market contracts	(14.1)	(16.0)
Amortization of stock-based compensation expense	17.5	14.5
Unrealized loss on derivatives	144.8	2.8
Gain on sale of equity method investment	(673.4)	(24.6)
Proceeds from Saskferco note receivable	51.1	
Excess tax benefits related to stock option exercises	(4.8)	(40.2)
Other	12.3	4.4
Changes in assets and liabilities:		
Receivables, net	326.0	(139.3)
Inventories	(415.9)	(243.5)
Other current and noncurrent assets	(305.5)	(107.8)
Accounts payable	(646.9)	144.0
Accrued liabilities	(289.2)	324.6
Other noncurrent liabilities	(144.5)	161.8
Net cash provided by operating activities	936.8	1,508.9
Cash Flows from Investing Activities		
Capital expenditures	(606.8)	(247.8)
Proceeds from sale of equity method investment	745.7	24.6
Proceeds from sale of businesses		7.9
Payments of restricted cash	(28.6)	(1.0)
Other	0.4	6.6
Net cash provided by (used in) investing activities	110.7	(209.7)
Cash Flows from Financing Activities		
Payments of short-term debt	(310.0)	(411.2)
Proceeds from issuance of short-term debt	267.1	501.0
Payments of long-term debt	(104.9)	(796.3)
Proceeds from issuance of long-term debt	0.1	
Proceeds from stock options exercised	4.3	48.8
Contributions from Cargill, Incorporated		3.7
Excess tax benefits related to stock option exercises	4.8	40.2
Dividend paid to minority shareholder	(2.1)	(5.1)
Cash dividends paid	(66.6)	

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Net cash used in financing activities	(207.3)	(618.9)
Effect of exchange rate changes on cash	(271.9)	33.3
Net change in cash and cash equivalents	568.3	713.6
Cash and cash equivalents beginning of period	1,960.7	420.6
Cash and cash equivalents end of period	\$ 2,529.0	\$ 1,134.2
