

CF Industries Holdings, Inc.  
Form 10-Q  
May 04, 2007

**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 **March 31, 2007**

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)

**4 Parkway North, Suite 400**

**Deerfield, Illinois**

(Address of principal executive offices)

**20-2697511**

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

**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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

55,379,401 million shares of the registrant's common stock, \$0.01 par value per share, were outstanding at March 31, 2007.

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**CF INDUSTRIES HOLDINGS, INC.**  
**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>(in millions, except</b>	
	<b>per share amounts)</b>	
Net sales	\$ 447.7	\$ 400.5
Cost of sales	342.6	423.2
Gross margin	105.1	(22.7 )
Selling, general and administrative	13.7	13.0
Other operating net	1.3	1.5
Operating earnings (loss)	90.1	(37.2 )
Interest expense	0.5	0.5
Interest income	(3.9 )	(2.7 )
Minority interest	7.0	5.9
Other non-operating net	(0.5 )	(0.1 )
Earnings (loss) before income taxes	87.0	(40.8 )
Income tax provision (benefit)	29.8	(16.2 )
Net earnings (loss)	\$ 57.2	\$ (24.6 )
Basic weighted average common shares outstanding	55.1	55.0
Basic net earnings (loss) per share	\$ 1.04	\$ (0.45 )
Diluted weighted average common shares outstanding	56.2	55.0
Diluted net earnings (loss) per share	\$ 1.02	\$ (0.45 )
Dividends declared per common share	\$ 0.02	\$ 0.02

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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

(Unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>(in millions)</b>	
Net earnings (loss)	\$ 57.2	\$ (24.6 )
Other comprehensive income (loss):		
Foreign currency translation adjustment no tax effect	0.2	(0.1 )
Defined benefit plans net of taxes	0.4	
Unrealized gain (loss) on securities net of taxes	(0.1 )	0.2
Unrealized loss on derivatives net of taxes		(2.1 )
	0.5	(2.0 )
Comprehensive income (loss)	\$ 57.7	\$ (26.6 )

See Accompanying Notes to Unaudited Consolidated Financial Statements.

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

	(Unaudited) March 31, 2007 (in millions, except share and per share amounts)	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 27.8	\$ 25.4
Short-term investments	463.0	300.2
Accounts receivable	118.5	113.9
Inventories	303.7	176.1
Assets held for sale	6.0	
Other	17.7	17.5
Total current assets	936.7	633.1
Property, plant and equipment net	593.9	597.0
Deferred income taxes		1.7
Goodwill	0.9	0.9
Asset retirement obligation escrow account	21.1	11.5
Other assets	45.1	46.2
Total assets	\$ 1,597.7	\$ 1,290.4
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 194.8	\$ 172.3
Income taxes payable	18.7	1.9
Customer advances	325.0	102.7
Deferred income taxes	10.8	9.8
Distributions payable to minority interest	28.1	27.8
Other	3.2	38.9
Total current liabilities	580.6	353.4
Notes payable	4.3	4.2
Deferred income taxes	6.0	
Other noncurrent liabilities	156.0	152.2
Minority interest	21.0	13.6
Stockholders' equity:		
Preferred stock \$0.01 par value, 50,000,000 shares authorized		
Common stock \$0.01 par value, 500,000,000 shares authorized, 2007 55,379,401 and 2006 55,172,101 shares outstanding	0.6	0.6
Paid-in capital	757.4	751.2
Retained earnings	104.7	48.6
Accumulated other comprehensive loss	(32.9 )	(33.4 )
Total stockholders' equity	829.8	767.0
Total liabilities and stockholders' equity	\$ 1,597.7	\$ 1,290.4

See Accompanying Notes to Unaudited Consolidated Financial Statements.

**CF INDUSTRIES HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited)

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>(in millions)</b>	
<b>Operating Activities:</b>		
Net earnings (loss)	\$ 57.2	\$ (24.6 )
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:		
Minority interest	7.0	5.9
Depreciation, depletion and amortization	20.1	22.5
Deferred income taxes	8.0	(14.0 )
Stock compensation expense	1.9	1.8
Excess tax benefit from stock-based compensation	(1.0 )	
Unrealized (gain) loss on derivatives	(38.5 )	20.0
Changes in:		
Accounts receivable	(3.4 )	(16.8 )
Margin deposits	2.7	(9.7 )
Inventories	(127.3 )	(79.5 )
Accounts payable, accrued expenses, and income taxes	39.3	(15.7 )
Product exchanges net	(1.6 )	14.6
Customer advances net		