

MOSAIC CO
Form 10-Q
January 08, 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 November 30, 2008

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: 444,380,404 common shares as of January 1, 2009.

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(In millions, except per share amounts)

(Unaudited)

	Three months ended November 30		Six months ended November 30	
	2008	2007	2008	2007
Net sales	\$ 3,006.5	\$ 2,195.4	\$ 7,329.0	\$ 4,198.7
Cost of goods sold	1,939.3	1,572.3	4,613.2	3,053.8
Lower of cost or market write-down	293.5		293.5	
Gross margin	773.7	623.1	2,422.3	1,144.9
Selling, general and administrative expenses	76.8	79.8	166.8	146.4
Restructuring loss		10.3		10.3
Other operating expense	14.9	3.4	24.6	9.0
Operating earnings	682.0	529.6	2,230.9	979.2
Interest expense, net	8.3	25.5	18.9	59.5
Foreign currency transaction (gain) loss	(32.3)	52.4	(119.0)	71.8
Gain on sale of equity investment	(673.4)		(673.4)	
Other income	(4.4)	(1.2)	(5.9)	(1.2)
Earnings from consolidated companies before income taxes	1,383.8	452.9	3,010.3	849.1
Provision for income taxes	451.2	100.9	948.9	201.7
Earnings from consolidated companies	932.6	352.0	2,061.4	647.4
Equity in net earnings of nonconsolidated companies	28.7	45.5	88.5	57.3
Minority interests in net earnings of consolidated companies	(1.5)	(3.5)	(5.4)	(5.2)
Net earnings	\$ 959.8	\$ 394.0	\$ 2,144.5	\$ 699.5
Basic net earnings per share	\$ 2.16	\$ 0.89	\$ 4.83	\$ 1.58
Diluted net earnings per share	\$ 2.15	\$ 0.89	\$ 4.81	\$ 1.57
Basic weighted average number of shares outstanding	444.3	442.3	444.2	441.8
Diluted weighted average number of shares outstanding	446.1	445.0	446.3	444.5

See Notes to Consolidated Financial Statements

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

(In millions, except share and per share amounts)

(Unaudited)

	November 30 2008	May 31 2008
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,811.6	\$ 1,960.7
Receivables, net	892.3	972.5
Receivables due from Cargill, Incorporated and affiliates	25.8	66.7
Inventories	1,614.2	1,350.9
Deferred income taxes	208.9	256.9
Other current assets	417.7	201.8
Total current assets	5,970.5	4,809.5
Property, plant and equipment, net	4,331.9	4,648.0
Investments in nonconsolidated companies	280.7	353.8
Goodwill	1,682.0	1,875.2
Other assets	162.6	133.3
Total assets	\$ 12,427.7	\$ 11,819.8
Liabilities and Stockholders' Equity		
Current liabilities:		
Short-term debt	\$ 110.5	\$ 133.1
Current maturities of long-term debt	30.2	43.3
Accounts payable	760.9	1,003.9
Trade accounts payable due to Cargill, Incorporated and affiliates	7.3	18.2
Cargill prepayments and accrued liabilities	9.8	35.0
Accrued liabilities	782.5	785.9
Accrued income taxes		131.9
Deferred income taxes	28.7	34.8
Total current liabilities	1,729.9	2,186.1
Long-term debt, less current maturities	1,272.3	1,374.0
Long-term debt-due to Cargill, Incorporated and affiliates	0.4	1.0
Deferred income taxes	629.9	516.2
Other noncurrent liabilities	920.9	987.9
Minority interest in consolidated subsidiaries	21.5	23.4
Stockholders' equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, none issued and outstanding as of November 30, 2008 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 November 30, 2008 and May 31, 2008		
Common stock, 444,375,461 and 443,925,006 shares issued and outstanding as of November 30, 2008 and May 31, 2008, respectively		
	4.4	4.4
Capital in excess of par value	2,472.7	2,450.8
Retained earnings	5,585.0	3,485.4
Accumulated other comprehensive income	(209.3)	790.6

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Total stockholders' equity	7,852.8	6,731.2
Total liabilities and stockholders' equity	\$ 12,427.7	\$ 11,819.8

See Notes to Consolidated Financial Statements

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

(In millions)

(Unaudited)

	Six months ended November 30,	
	2008	2007
Cash Flows from Operating Activities		
Net earnings	\$ 2,144.5	\$ 699.5
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation, depletion and amortization	177.1	166.7
Lower of cost or market write-down	293.5	
Minority interest	5.4	5.2
Deferred income taxes	164.6	(52.4)
Equity in net earnings of nonconsolidated companies, net of dividends	(56.8)	(21.9)
Accretion expense for asset retirement obligations	14.5	15.9
Amortization of out-of-market contracts	(11.0)	(8.4)
Amortization of stock-based compensation expense	13.9	8.5
Unrealized loss on derivatives	125.8	45.9
Gain on sale of equity method investment	(673.4)	
Proceeds from Saskferco note receivable	51.1	
Excess tax benefits related to stock option exercises	(4.8)	
Other	4.6	5.1
Changes in assets and liabilities:		
Receivables, net	56.6	(52.4)
Inventories	(592.1)	(75.5)
Other current and noncurrent assets	(286.4)	3.5
Accounts payable	(202.3)	103.4
Accrued liabilities	(219.5)	(41.3)
Other noncurrent liabilities	(57.3)	179.1
Net cash provided by operating activities	948.0	980.9
Cash Flows from Investing Activities		
Capital expenditures	(410.1)	(161.2)
Proceeds from sale of equity method investment	745.7	
Proceeds from sale of businesses		7.5
Payments of restricted cash	(32.3)	
Other	0.3	0.9
Net cash provided by (used in) investing activities	303.6	(152.8)
Cash Flows from Financing Activities		
Payments of short-term debt	(193.3)	(277.0)
Proceeds from issuance of short-term debt	172.0	242.9
Payments of long-term debt	(101.1)	(637.5)
Proceeds from issuance of long-term debt	0.1	
Proceeds from stock options exercised	4.1	37.6
Contributions from Cargill, Incorporated		1.5
Excess tax benefits related to stock option exercises	4.8	
Dividend paid to minority shareholder	(1.8)	(3.5)
Cash dividends paid	(44.4)	

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Net cash used in financing activities	(159.6)	(636.0)
Effect of exchange rate changes on cash	(241.1)	29.5
Net change in cash and cash equivalents	850.9	221.6
Cash and cash equivalents beginning of period	1,960.7	420.6
Cash and cash equivalents end of period	\$ 2,811.6	\$ 642.2

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