

COMPASS MINERALS INTERNATIONAL INC
Form 10-Q
April 29, 2013

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, 2013

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 001-31921

Compass Minerals International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

36-3972986
(I.R.S. Employer Identification Number)

9900 West 109th Street
Suite 100
Overland Park, KS 66210
(913) 344-9200

(Address of principal executive offices, zip code and 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 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:

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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.

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:

The number of shares outstanding of the registrant’s common stock, \$0.01 par value per share, at April 25, 2013 was 33,306,229 shares.

COMPASS MINERALS INTERNATIONAL, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

COMPASS MINERALS INTERNATIONAL, INC.
 CONSOLIDATED BALANCE SHEETS
 (in millions, except share data)

	(Unaudited) March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 175.5	\$ 100.1
Receivables, less allowance for doubtful accounts of \$1.5 in 2013 and \$2.4 in 2012	149.3	143.7
Inventories	135.0	229.7
Deferred income taxes, net	7.5	7.4
Other	16.8	26.0
Total current assets	484.1	506.9
Property, plant and equipment, net	656.0	645.2
Intangible assets, net	73.5	74.7
Other	76.3	73.8
Total assets	\$ 1,289.9	\$ 1,300.6
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 3.9	\$ 3.9
Accounts payable	55.3	85.4
Accrued expenses	89.2	87.8
Accrued salaries and wages	17.0	20.1
Income taxes payable	3.1	1.0
Accrued interest	3.1	1.1
Total current liabilities	171.6	199.3
Long-term debt, net of current portion	477.4	478.4
Deferred income taxes, net	78.3	77.9
Other noncurrent liabilities	41.5	41.5
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock: \$0.01 par value, 200,000,000 authorized shares; 35,367,264 issued shares	0.4	0.4
Additional paid-in capital	56.3	54.5
Treasury stock, at cost — 2,061,035 shares at March 31, 2013 and 2,094,774 shares at December 31, 2012	(3.9)	(4.0)
Retained earnings	423.1	395.0
Accumulated other comprehensive income	45.2	57.6
Total stockholders' equity	521.1	503.5
Total liabilities and stockholders' equity	\$ 1,289.9	\$ 1,300.6

The accompanying notes are an integral part of the consolidated financial statements.

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COMPASS MINERALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited, in millions, except share and per share data)

	Three Months Ended March 31,	
	2013	2012
Sales	\$383.7	\$315.3
Shipping and handling cost	115.3	93.5
Product cost	177.1	139.0
Gross profit	91.3	82.8
Selling, general and administrative expenses	23.8	21.4
Operating earnings	67.5	61.4
Other (income) expense:		
Interest expense	4.4	5.0
Other, net	(0.4)	1.6
Earnings before income taxes	63.5	54.8
Income tax expense	17.1	14.9
Net earnings	\$46.4	\$39.9
Basic net earnings per common share	\$1.38	\$1.19
Diluted net earnings per common share	\$1.38	\$1.19
Weighted-average common shares outstanding (in thousands):		
Basic	33,282	33,035
Diluted	33,309	33,058
Cash dividends per share	\$0.545	\$0.495

The accompanying notes are an integral part of the consolidated financial statements.

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COMPASS MINERALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, in millions)

	Three Months Ended March 31,	
	2013	2012
Net earnings	\$46.4	\$39.9
Other comprehensive income:		
Unrealized gain (loss) from change in pension obligation, net of tax of \$(0.1) and \$(0.0) in 2013 and 2012	0.3	0.2
Unrealized gain (loss) on cash flow hedges, net of tax of \$(0.4) and \$0.1 in 2013 and 2012	0.7	(0.1)
Cumulative translation adjustment	(13.4)	17.5
Comprehensive income	\$34.0	\$57.5

The accompanying notes are an integral part of the consolidated financial statements.

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COMPASS MINERALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the three months ended March 31, 2013
(Unaudited, in millions)

	Common Stock	Additional Paid-In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2012	\$0.4	\$54.5	\$(4.0)	\$395.0	\$ 57.6	\$503.5
Dividends on common stock				(18.3)		(18.3)
Shares issued for stock units		(0.1)	0.1			-
Stock options exercised		0.3				0.3
Income tax benefits from equity awards		0.1				0.1
Stock-based compensation		1.5				1.5
Comprehensive income (loss)				46.4	(12.4)	34.0
Balance, March 31, 2013	\$0.4	\$56.3	\$(3.9)	\$423.1	\$ 45.2	\$521.1

The accompanying notes are an integral part of the consolidated financial statements.

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COMPASS MINERALS INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, in millions)

	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net earnings	\$46.4	\$39.9
Adjustments to reconcile net earnings to net cash flows provided by operating activities:		
Depreciation, depletion and amortization	17.3	15.7
Finance fee amortization	0.3	0.4
Stock-based compensation	1.5	1.7
Deferred income taxes	0.6	0.3
Other, net	0.5	0.4
Insurance advances for operating purposes, Goderich tornado	2.4	19.1
Changes in operating assets and liabilities:		
Receivables	(8.2)	43.1
Inventories	93.0	22.1
Other assets	5.8	(3.3)
Accounts payable and accrued expenses	(31.3)	(42.8)
Other liabilities	0.5	0.3
Net cash provided by operating activities	128.8	96.9
Cash flows from investing activities:		
Capital expenditures	(36.5)	(30.0)
Insurance advances for investment purposes, Goderich tornado	4.3	-
Other, net	0.8	(0.3)
Net cash used in investing activities	(31.4)	(30.3)
Cash flows from financing activities:		
Principal payments on long-term debt	(1.0)	(1.0)
Dividends paid	(18.3)	(16.6)
Proceeds received from stock option exercises	0.3	0.1
Excess tax benefits from equity compensation awards	0.1	0.3
Net cash used in financing activities	(18.9)	(17.2)
Effect of exchange rate changes on cash and cash equivalents	(3.1)	3.9
Net change in cash and cash equivalents	75.4	53.3
Cash and cash equivalents, beginning of the year	100.1	130.3
Cash and cash equivalents, end of period	\$175.5	\$183.6
Supplemental cash flow information:		
Interest paid, net of amounts capitalized	\$2.3	\$2.8
Income taxes paid, net of refunds	\$6.7	\$15.9

The accompanying notes are an integral part of the consolidated financial statements.

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COMPASS MINERALS INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS