

Intrepid Potash, Inc.
Form 10-Q
October 31, 2013
Table of Contents

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 September 30, 2013

Commission File Number: 001-34025

INTREPID POTASH, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

26-1501877

(State or other jurisdiction of
incorporation or organization)

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

707 17th Street, Suite 4200, Denver, Colorado

80202

(Address of principal executive offices)

(Zip Code)

(303) 296-3006

(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 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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
filer (Do not check if a 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

As of October 30, 2013, the registrant had 75,764,426 shares of common stock, par value \$0.001, outstanding (including 370,049 restricted shares of common stock).

Table of Contents

INTREPID POTASH, INC.
TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	<u>1</u>
<u>ITEM 1. Condensed Consolidated Financial Statements (Unaudited)</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>3</u>
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
<u>ITEM 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>37</u>
<u>ITEM 4. Controls and Procedures</u>	<u>37</u>
<u>PART II - OTHER INFORMATION</u>	<u>38</u>
<u>ITEM 1. Legal Proceedings</u>	<u>38</u>
<u>ITEM 1A. Risk Factors</u>	<u>38</u>
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>38</u>
<u>ITEM 3. Defaults upon Senior Securities</u>	<u>38</u>
<u>ITEM 4. Mine Safety Disclosures</u>	<u>38</u>
<u>ITEM 5. Other Information</u>	<u>39</u>
<u>ITEM 6. Exhibits</u>	<u>39</u>
<u>Signatures</u>	<u>40</u>

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	September 30, 2013	December 31, 2012
ASSETS		
Cash and cash equivalents	\$10,446	\$33,619
Short-term investments	40,655	24,128
Accounts receivable:		
Trade, net	25,394	31,508
Other receivables, net	8,368	9,122
Refundable income taxes	4,505	3,306
Inventory, net	88,544	53,275
Prepaid expenses and other current assets	6,776	5,393
Current deferred tax asset	3,803	2,005
Total current assets	188,491	162,356
Property, plant, and equipment, net of accumulated depreciation of \$182,451 and \$142,137, respectively	652,172	543,169
Mineral properties and development costs, net of accumulated depletion of \$12,484 and \$11,060, respectively	131,993	94,096
Long-term parts inventory, net	12,220	10,208
Long-term investments	29,804	—
Other assets	4,339	4,246
Non-current deferred tax asset	162,205	180,548
Total Assets	\$1,181,224	\$994,623
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable:		
Trade	\$21,974	\$19,431
Related parties	120	203
Accrued liabilities	35,821	32,496
Accrued employee compensation and benefits	8,950	11,680
Other current liabilities	1,810	3,578
Total current liabilities	68,675	67,388
Long-term debt	150,000	—
Asset retirement obligation	20,715	19,344
Other non-current liabilities	3,083	2,155
Total Liabilities	242,473	88,887
Commitments and Contingencies		
Common stock, \$0.001 par value; 100,000,000 shares authorized; and 75,394,377 and 75,312,805 shares outstanding at September 30, 2013, and December 31, 2012, respectively	75	75
Additional paid-in capital	571,449	568,375

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Accumulated other comprehensive loss	(50) (1,729)
Retained earnings	367,277	339,015	
Total Stockholders' Equity	938,751	905,736	
Total Liabilities and Stockholders' Equity	\$1,181,224	\$994,623	

See accompanying notes to these condensed consolidated financial statements.

1

Table of Contents

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Sales	\$70,569	\$129,350	\$262,506	\$340,377
Less:				
Freight costs	5,952	9,699	20,575	21,284
Warehousing and handling costs	2,854	4,234	9,527	10,603
Cost of goods sold	46,780	63,382	155,556	175,027
Lower of cost or market inventory adjustments	2,080	181	2,092	508
Gross Margin	12,903	51,854	74,756	132,955
Selling and administrative	7,921	8,039	26,052	25,006
Accretion of asset retirement obligation	375	181	1,124	543
Other expense	2,921	83	1,752	140
Operating Income	1,686	43,551	45,828	107,266
Other (Expense) Income				
Interest expense, including realized and unrealized derivative gains and losses, net	(248) (221) (680) (689
Interest income	165	487	380	1,526
Other income (expense)	73	135	(1,747) 413
Income Before Income Taxes	1,676	43,952	43,781	108,516
Income Tax Benefit (Expense)	350	(10,685) (15,519) (35,610
Net Income	\$2,026	\$33,267	\$28,262	\$72,906
Weighted Average Shares Outstanding:				
Basic	75,394,377	75,298,838	75,372,879	75,268,544
Diluted	75,404,138	75,350,216	75,394,731	75,325,450
Earnings Per Share:				
Basic	\$0.03	\$0.44	\$0.37	\$0.97
Diluted	\$0.03	\$0.44	\$0.37	\$0.97

See accompanying notes to these condensed consolidated financial statements.

Table of Contents

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2013	2012	2013	2012
Net Income	\$2,026	\$33,267	\$28,262	\$72,906
Other Comprehensive Income:				
Pension liability adjustment (net of tax effect of \$0, \$26, \$1,115, and \$77, respectively)	—	39	1,700	117
Unrealized loss on investments available for sale (net of tax effect of \$(124), \$0, \$13, and \$0, respectively)	200	—	(21) —
Other Comprehensive Income	200	39	1,679	117
Comprehensive Income	\$2,226	\$33,306	\$29,941	\$73,023

See accompanying notes to these condensed consolidated financial statements.

Table of Contents

INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2012	75,312,805	\$75	\$568,375	\$ (1,729)	\$339,015	\$ 905,736
Pension liability adjustment	—	—	—	1,700	—	1,700
Unrealized gain on investments available for sale				(21)		(21)
Net income	—	—	—	—	28,262	28,262
Stock-based compensation	—	—	3,881	—	—	3,881
Change in excess income tax benefit from stock- based compensation	—	—	(230)	—	—	(230)
Vesting of restricted common stock, net of restricted common stock used to fund employee income tax withholding due upon vesting	81,572	—	(577)	—	—	(577)
Balance, September 30, 2013						