

Intrepid Potash, Inc.
Form 10-Q
August 02, 2016
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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 June 30, 2016

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: 001-34025

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
(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 July 27, 2016, the registrant had outstanding 76,597,669 shares of common stock, par value \$0.001.

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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)

	June 30, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	\$ 30,984	\$ 9,307
Short-term investments	16,599	50,523
Accounts receivable:		
Trade, net	8,986	9,743
Other receivables, net	2,352	1,470
Inventory, net	109,570	106,531
Prepaid expenses and other current assets	3,070	18,141
Total current assets	171,561	195,715
Property, plant, equipment, and mineral properties, net	404,690	419,476
Long-term parts inventory, net	18,389	17,344
Long-term investments	—	3,799
Other assets, net	4,558	3,635
Total Assets	\$ 599,198	\$ 639,969
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable:		
Trade	\$ 11,835	\$ 15,709
Related parties	82	45
Accrued liabilities	10,115	15,429
Accrued employee compensation and benefits	7,895	7,409
Other current liabilities	1,321	547
Total current liabilities	31,248	39,139
Long-term debt, net	147,840	149,485
Asset retirement obligation	23,832	22,951
Other non-current liabilities	—	1,868
Total Liabilities	202,920	213,443
Commitments and Contingencies		
Common stock, \$0.001 par value; 400,000,000 and 100,000,000 shares authorized; and 75,838,782 and 75,702,700 shares outstanding at June 30, 2016, and December 31, 2015, respectively	76	76
Additional paid-in capital	581,755	580,227
Accumulated other comprehensive loss	(3) (52
Retained deficit	(185,550) (153,725
Total Stockholders' Equity	396,278	426,526
Total Liabilities and Stockholders' Equity	\$ 599,198	\$ 639,969

See accompanying notes to these condensed consolidated financial statements.

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INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Sales	\$51,840	\$ 73,651	\$125,117	\$190,672
Less:				
Freight costs	8,931	6,898	19,263	17,810
Warehousing and handling costs	2,538	3,437	5,202	7,184
Cost of goods sold	41,850	55,435	101,627	138,717
Lower-of-cost-or-market inventory adjustments	2,930	5,276	11,937	5,636
Costs associated with abnormal production and other	1,057	—	1,707	—
Gross (Deficit) Margin	(5,466)	2,605	(14,619)	21,325
Selling and administrative	4,536	8,424	11,106	15,892
Accretion of asset retirement obligation	442	424	884	848
Restructuring expense	1,914	—	2,314	—
Other operating income	(1,801)	(2,312)	(1,905)	(2,246)
Operating (Loss) Income	(10,557)	(3,931)	(27,018)	6,831
Other Income (Expense)				
Interest expense, net	(3,000)	(1,602)	(5,229)	(3,246)
Interest income	101	200	224	355
Other income	59	46	201	373
(Loss) Income Before Income Taxes	(13,397)	(5,287)	(31,822)	4,313
Income Tax (Expense) Benefit	(1)	350	(3)	(2,721)
Net (Loss) Income	\$(13,398)	\$ (4,937)	\$(31,825)	\$1,592
Weighted Average Shares Outstanding:				
Basic	75,838,782	75,683,075	75,797,658	75,636,343
Diluted	75,838,782	75,683,075	75,797,658	75,731,910
(Loss) Earnings Per Share:				
Basic	\$(0.18)	\$(0.07)	\$(0.42)	\$0.02
Diluted	\$(0.18)	\$(0.07)	\$(0.42)	\$0.02

See accompanying notes to these condensed consolidated financial statements.

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INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net (Loss) Income	\$(13,398)	\$(4,937)	\$(31,825)	\$1,592
Other Comprehensive Income:				
Unrealized gain on investments available for sale, net of tax	19	(35)	49	(25)
Other Comprehensive Income (Loss)	19	(35)	49	(25)
Comprehensive (Loss) Income	\$(13,379)	\$(4,972)	\$(31,776)	\$1,567

See accompanying notes to these condensed consolidated financial statements.

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INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensiv Loss	Retained Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance, December 31, 2015	75,702,700	\$ 76	\$580,227	\$ (52)	\$(153,725)	\$ 426,526
Unrealized gain on investments available for sale, net of tax	—	—	—	49	—	49
Net loss	—	—	—	—	(31,825)	(31,825)
Stock-based compensation	—	—	1,700	—	—	1,700
Vesting of restricted common stock, net of restricted common stock used to fund employee income tax withholding due upon vesting	136,082	—	(172)	—	—	(172)
Balance, June 30, 2016	75,838,782	\$ 76	\$581,755	\$ (3)	\$(185,550)	\$ 396,278

See accompanying notes to these condensed consolidated financial statements.

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INTREPID POTASH, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six Months Ended	
	June 30,	
	2016	2015
Cash Flows from Operating Activities:		
Net (loss) income	\$(31,825)	\$1,592
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Deferred income taxes	—	2,754
Depreciation, depletion, and accretion	24,209	40,673
Amortization of deferred financing costs	1,666	