

Clean Energy Fuels Corp.
Form 10-Q
October 23, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2014

Commission File Number: 001-33480

CLEAN ENERGY FUELS CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

33-0968580
(IRS Employer Identification No.)

4675 MacArthur Court, Suite 800, Newport Beach, CA 92660

(Address of principal executive offices, including zip code)

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(949) 437-1000

(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 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 ☐
(Do not check if a smaller reporting company)

Smaller reporting company ☐

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

As of October 16, 2014, there were 90,055,809 shares of the registrant's common stock, par value \$0.0001 per share, issued and outstanding.

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CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

December 31, 2013 and September 30, 2014

(Unaudited)

(In thousands, except share data)

	December 31, 2013	September 30, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 240,033	\$ 114,689
Restricted cash	8,403	17,045
Short-term investments	138,240	133,374
Accounts receivable, net of allowance for doubtful accounts of \$832 and \$1,019 as of December 31, 2013 and September 30, 2014, respectively	53,473	77,075
Other receivables	26,285	21,506
Inventory, net	33,822	35,509
Prepaid expenses and other current assets	20,840	25,186
Total current assets	521,096	424,384
Land, property and equipment, net	487,854	528,341
Notes receivable and other long-term assets	73,697	73,140
Goodwill	88,548	86,317
Intangible assets, net	79,770	71,451
Total assets	\$ 1,250,965	\$ 1,183,633
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 23,401	\$ 15,865
Accounts payable	33,541	39,093
Accrued liabilities	46,745	48,283
Deferred revenue	16,419	23,224
Total current liabilities	120,106	126,465

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Long-term debt and capital lease obligations, less current portion	532,017	538,781
Long-term debt, related party	65,000	65,000
Other long-term liabilities	15,304	9,720
Total liabilities	732,427	739,966
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares		
Common stock, \$0.0001 par value. Authorized 224,000,000 shares; issued and outstanding 89,364,397 shares and 90,055,809 shares at December 31, 2013 and September 30, 2014, respectively	9	9
Additional paid-in capital	883,045	894,902
Accumulated deficit	(367,782)	(458,774)
Accumulated other comprehensive loss	(700)	(590)
Total Clean Energy Fuels Corp. stockholders' equity	514,572	435,547
Noncontrolling interest in subsidiary	3,966	8,120
Total stockholders' equity	518,538	443,667
Total liabilities and stockholders' equity	\$ 1,250,965	\$ 1,183,633

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
For the Three Months and Nine Months Ended September 30, 2013 and 2014
(Unaudited)
(In thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2014	2013	2014
Revenue:				
Product revenues	\$ 75,389	\$ 90,448	\$ 237,247	\$ 262,710
Service revenues	10,932	12,972	30,233	34,118
Total revenues	86,321	103,420	267,480	296,828
Operating expenses:				
Cost of sales (exclusive of depreciation and amortization shown separately below):				
Product cost of sales	51,941	79,021	157,680	216,063
Service cost of sales	2,866	4,953	9,809	12,797
Derivative gains:				
Series I warrant valuation	(1,366)	(3,255)	(861)	(5,424)
Selling, general and administrative	33,511	28,240	101,574	96,130
Depreciation and amortization	10,924	12,325	31,859	35,448
Total operating expenses	97,876	121,284	300,061	355,014
Operating loss	(11,555)	(17,864)	(32,581)	(58,186)
Interest expense, net	(7,418)	(10,676)	(18,771)	(30,316)
Other income (expense), net	736	(880)	(757)	(1,045)
Loss from equity method investment			(76)	
Gain from sale of equity method investment			4,705	
Gain from sale of subsidiary			15,498	
Loss before income taxes	(18,237)	(29,420)	(31,982)	(89,547)
Income tax expense	(558)	(811)	(2,656)	(1,920)
Net loss	(18,795)	(30,231)	(34,638)	(91,467)
Loss (income) of noncontrolling interest	(41)	138	(12)	475
Net loss attributable to Clean Energy Fuels Corp.	\$ (18,836)	\$ (30,093)	\$ (34,650)	\$ (90,992)
Loss per share attributable to Clean Energy Fuels Corp.:				
Basic	\$ (0.20)	\$ (0.32)	\$ (0.37)	\$ (0.96)
Diluted	\$ (0.20)	\$ (0.32)	\$ (0.37)	\$ (0.96)
Weighted-average common shares outstanding:				

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Basic	94,338,525	94,058,496	93,823,223	94,529,206
Diluted	94,338,525	94,058,496	93,823,223	94,529,206

See accompanying notes to condensed consolidated financial statements.

Table of Contents**Clean Energy Fuels Corp. and Subsidiaries****Condensed Consolidated Statements of Comprehensive Income (Loss)****For the Three Months and Nine Months Ended September 30, 2013 and 2014****(Unaudited)****(In thousands)**

	Clean Energy Fuels Corp. Three Months Ended September 30,		Noncontrolling Interest Three Months Ended September 30,		Total Three Months Ended September 30,	
	2013	2014	2013	2014	2013	2014
Net income (loss)	\$ (18,836)	\$ (30,093)	\$ 41	\$ (138)	\$ (18,795)	\$ (30,231)
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	428	5,113			428	5,113
Foreign currency adjustments on intra-entity long-term investments	1,853	(4,822)			1,853	(4,822)
Unrealized gains (losses) on available-for-sale securities	(123)	307			(123)	307
Total other comprehensive income, net of tax	2,158	598			2,158	598
Comprehensive income (loss)	\$ (16,678)	\$ (29,495)	\$ 41	\$ (138)	\$ (16,637)	\$ (29,633)

	Clean Energy Fuels Corp. Nine Months Ended September 30,		Noncontrolling Interest Nine Months Ended September 30,		Total Nine Months Ended September 30,	
	2013	2014	2013	2014	2013	2014
Net income (loss)	\$ (34,650)	\$ (90,992)	\$ 12	\$ (475)	\$ (34,638)	\$ (91,467)
Other comprehensive income (loss), net of tax:						
Foreign currency translation adjustments	(935)	4,867			(935)	4,867
Foreign currency adjustments on intra-entity long-term investments	(3,041)	(4,665)			(3,041)	(4,665)
	(125)	(92)			(125)	(92)

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Unrealized losses on available-for-sale securities				
Unrecognized gains on derivatives	108		108	
Total other comprehensive income (loss), net of tax	(3,993)	110	(3,993)	110