

CORN PRODUCTS INTERNATIONAL INC  
Form 10-Q  
November 04, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED September 30, 2011**

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 1-13397

# CORN PRODUCTS INTERNATIONAL, INC.

(Exact name of Registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of incorporation or organization)

**22-3514823**

(I.R.S. Employer Identification Number)

**5 WESTBROOK CORPORATE CENTER,  
WESTCHESTER, ILLINOIS**

(Address of principal executive offices)

**60154**

(Zip Code)

**(708) 551-2600**

(Registrant's telephone number, including area code)

(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 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 small 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

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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 in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

**CLASS**  
Common Stock, \$.01 par value

**OUTSTANDING AT October 31, 2011**  
75,788,602 shares

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## PART I FINANCIAL INFORMATION

## ITEM 1

## FINANCIAL STATEMENTS

## CORN PRODUCTS INTERNATIONAL, INC. ( CPI )

## Condensed Consolidated Statements of Income

(Unaudited)

(In millions, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net sales before shipping and handling costs	\$ 1,712.1	\$ 1,083.4	\$ 4,915.1	\$ 3,144.0
Less: shipping and handling costs	84.4	63.9	243.3	184.2
Net sales	1,627.7	1,019.5	4,671.8	2,959.8
Cost of sales	1,351.8	847.9	3,825.8	2,481.6
Gross profit	275.9	171.6	846.0	478.2
Operating expenses	131.2	81.6	399.7	224.5
Other (income), net	(1.4)	(1.8)	(64.7)	(7.2)
Restructuring / impairment charges	3.7	3.2	6.3	24.0
Operating income	142.4	88.6	504.7	236.9
Financing costs, net	12.7	30.2	58.3	41.7
Income before income taxes	129.7	58.4	446.4	195.2
Provision for income taxes	40.2	19.6	120.4	72.6
Net income	89.5	38.8	326.0	122.6
Less: Net income attributable to non-controlling interests	1.8	1.9	5.3	5.4
Net income attributable to CPI	\$ 87.7	\$ 36.9	\$ 320.7	\$ 117.2
Weighted average common shares outstanding:				
Basic	76.5	75.6	76.5	75.5
Diluted	78.1	76.7	78.3	76.6
Earnings per common share of CPI:				
Basic	\$ 1.15	\$ 0.49	\$ 4.19	\$ 1.55
Diluted	\$ 1.12	\$ 0.48	\$ 4.10	\$ 1.53

See Notes to Condensed Consolidated Financial Statements



## PART I FINANCIAL INFORMATION

## ITEM I - FINANCIAL STATEMENTS

## CORN PRODUCTS INTERNATIONAL, INC. ( CPI )

## Condensed Consolidated Balance Sheets

(In millions, except share and per share amounts)	September 30, 2011 (Unaudited)	December 31, 2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 279	\$ 302
Accounts receivable net	780	735
Inventories	780	654
Prepaid expenses	26	20
Deferred income taxes	49	18
Total current assets	1,914	1,729
Property, plant and equipment net	2,102	2,147
Goodwill net	581	635
Other intangible assets net	351	364
Deferred income taxes	58	71
Investments	9	12
Other assets	129	113
<b>Total assets</b>	<b>\$ 5,144</b>	<b>\$ 5,071</b>
<b>Liabilities and equity</b>		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 122	\$ 88
Deferred income taxes	12	12
Accounts payable and accrued liabilities	712	791
Total current liabilities	834	891
Non-current liabilities	214	240
Long-term debt	1,751	1,681
Deferred income taxes	236	249
Share-based payments subject to redemption	11	8
Equity		
CPI Stockholders equity:		
Preferred stock authorized 25,000,000 shares- \$0.01 par value none issued		
Common stock authorized 200,000,000 shares- \$0.01 par value 76,821,553 and 76,034,780 shares issued at September 30, 2011 and December 31, 2010, respectively	1	1
Additional paid-in capital	1,148	1,120
Less: Treasury stock (common stock; 1,079,277 and 11,529 shares at September 30, 2011 and December 31, 2010, respectively) at cost	(49)	(1)
Accumulated other comprehensive loss	(361)	(190)
Retained earnings	1,332	1,046
Total CPI stockholders equity	2,071	1,976

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Non-controlling interests		27		26
Total equity		2,098		2,002
<b>Total liabilities and equity</b>	<b>\$</b>	<b>5,144</b>	<b>\$</b>	<b>5,071</b>

See Notes to Condensed Consolidated Financial Statements

## PART I FINANCIAL INFORMATION

## ITEM 1

## FINANCIAL STATEMENTS

## CORN PRODUCTS INTERNATIONAL, INC. ( CPI )

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(In millions)	Three Months Ended September 30,				Nine Months Ended September 30,			
	2011	2010	2011	2010	2011	2010	2011	2010
Net income	\$	90	\$	39	\$	326	\$	123
Other comprehensive income:								
Gains (losses) on cash flow hedges, net of income tax effect of \$18, \$10, \$13 and \$18, respectively		(32)		17		19		(33)
Reclassification adjustment for (gains) losses on cash flow hedges included in net income, net of income tax effect of \$21, \$8, \$50, and \$36, respectively		(36)		14		(84)		57
Actuarial gain on postretirement plan amendment, net of income tax effect of \$9		14				14		
Unrealized loss on investment, net of income tax effect				(1)		(1)		(1)
Currency translation adjustment		(189)		53		(119)		36
Comprehensive income		(153)		122		155		182
Comprehensive income attributable to non-controlling interests		(2)		(2)		(5)		(5)
Comprehensive income (loss) attributable to CPI	\$	(155)	\$	120	\$	150	\$	177

See Notes to Condensed Consolidated Financial Statements



## PART I FINANCIAL INFORMATION

## ITEM 1

## FINANCIAL STATEMENTS

## CORN PRODUCTS INTERNATIONAL, INC. ( CPI )

## Condensed Consolidated Statements of Equity and Redeemable Equity

(Unaudited)

(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Total Equity Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non- controlling Interests	Share-based Payments Subject to Redemption
<b>Balance, December 31, 2010</b>	\$ 1	\$ 1,120	\$ (1)	\$ (190)	\$ 1,046	\$ 26	\$ 8
Net income attributable to CPI					321		
Net income attributable to non-controlling interests						5	
Dividends declared					(35)	(4)	
Gains on cash flow hedges, net of income tax effect of \$13				19			
Amount of gains on cash flow hedges reclassified to earnings, net of income tax effect of \$50				(84)			
Repurchases of common stock			(48)				
Share-based compensation		28					3
Currency translation adjustment				(119)			
Actuarial gain on postretirement plan amendment, net of income tax effect of \$9				14			
Other				(1)			
<b>Balance, September 30, 2011</b>	\$ 1	\$ 1,148	\$ (49)	\$ (361)	\$ 1,332	\$ 27	\$ 11

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(in millions)	Common Stock	Additional Paid-In Capital	Treasury Stock	Total Equity Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Non- controlling Interests	Redeemable Common Stock	Share-based Payments Subject to Redemption
<b>Balance, December 31, 2009</b>	\$ 1	\$ 1,082	\$ (13)	\$ (308)	\$ 919	\$ 23	\$ 14	\$ 8
Net income attributable to CPI					117			
Net income attributable to non-controlling interests						5		
Dividends declared					(31)	(3)		
Losses on cash flow hedges, net of income tax effect of \$18				(33)				
Amount of losses on cash flow hedges reclassified to earnings, net of income tax effect of \$36				57				
Repurchases of common stock			(5)					
Share-based compensation		7	18					(2)
Expiration of put option		14					(14)	
Currency translation adjustment				36				
Other				(1)		(1)		
<b>Balance, September 30, 2010</b>	\$ 1	\$ 1,103	\$	\$ (249)	\$ 1,005	\$ 24	\$	\$ 6

See Notes to Condensed Consolidated Financial Statements

## PART I FINANCIAL INFORMATION

## ITEM 1

## FINANCIAL STATEMENTS

## CORN PRODUCTS INTERNATIONAL, INC. ( CPI )

## Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In millions)	Nine Months Ended September 30,	
	2011	2010
<b>Cash provided by operating activities:</b>		
Net income	\$ 326	\$ 123
Non-cash charges (credits) to net income:		
Bridge loan financing cost charge		20
Write-off of impaired assets		19
Depreciation and amortization	156	105
Changes in working capital:		
Accounts receivable and prepaid items	(83)	(25)
Inventories	(159)	(17)
Accounts payable and accrued liabilities	(37)	98
Decrease (increase) in margin accounts	(59)	10
Other	3	(8)
Cash provided by operating activities	147	325
<b>Cash used for investing activities:</b>		
Capital expenditures, net of proceeds on disposals	(158)	(90)
Payment for acquisition	(15)	
Other	(1)	(1)
Cash used for investing activities		