

ARCH COAL INC
Form 10-Q
August 09, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2016

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: 1-13105

Arch Coal, Inc.

(Exact name of registrant as specified in its charter)

Delaware 43-0921172

(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification Number)

One CityPlace Drive, Suite 300, St. Louis, Missouri 63141

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (314) 994-2700

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 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. (Check one):

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

At August 1, 2016 there were 21,293,090 shares of the registrant's common stock outstanding.

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FINANCIAL INFORMATION

Item 1. Financial Statements.

Arch Coal, Inc. and Subsidiaries
(Debtor-in-Possession)
Condensed Consolidated Statements of Operations
(in thousands, except per share data)

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	2015	2016	2015	2016
	(Unaudited)			
Revenues	\$420,298	\$644,462	\$848,404	\$1,321,467
Costs, expenses and other operating				
Cost of sales (exclusive of items shown separately below)	419,042	566,252	838,358	1,128,574
Depreciation, depletion and amortization	58,459	97,372	122,158	202,246
Amortization of acquired sales contracts, net	1	(1,644)	(832)	(5,034)
Change in fair value of coal derivatives and coal trading activities, net	1,158	1,211	2,368	2,431
Asset impairment and mine closure costs	43,701	19,146	129,221	19,146
Selling, general and administrative expenses	19,019	24,268	38,845	46,873
Other operating (income) expense, net	(10,561)	7,403	(12,781)	16,489
	530,819	714,008	1,117,337	1,410,725
Loss from operations	(110,521)	(69,546)	(268,933)	(89,258)
Interest expense, net				
Interest expense (contractual interest of \$100,767 and \$199,332 for the three and six months ended June 30, 2016)	(45,273)	(99,574)	(89,724)	(198,826)
Interest and investment income	933	962	2,071	3,335
	(44,340)	(98,612)	(87,653)	(195,491)
Loss before nonoperating expenses	(154,861)	(168,158)	(356,586)	(284,749)
Nonoperating expenses				
Expenses related to proposed debt restructuring	—	(4,016)	(2,213)	(4,016)
Reorganization items, net	(21,271)	—	(25,146)	—
	(21,271)	(4,016)	(27,359)	(4,016)
Loss before income taxes	(176,132)	(172,174)	(383,945)	(288,765)
Benefit from income taxes	(245)	(4,071)	(1,356)	(7,467)
Net loss	\$(175,887)	\$(168,103)	\$(382,589)	\$(281,298)
Net loss per common share				
Basic and diluted - Net loss per share	\$(8.26)	\$(7.90)	\$(17.97)	\$(13.22)
Basic and diluted weighted average shares outstanding	21,293	21,291	21,293	21,279

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

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Arch Coal, Inc. and Subsidiaries
(Debtor-in-Possession)
Condensed Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

Three	Six Months	
Months	Ended June	
Ended	30,	
June	30,	
30,		
2015	2016	2015