

Edgar Filing: CF Industries Holdings, Inc. - Form 425

CF Industries Holdings, Inc.
Form 425
February 25, 2009

Filed by Agrium Inc.

(Commission File No. 001-14460)

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company:

CF Industries Holdings, Inc.

(Commission File No. 001-32597)

On February 25, 2009, Agrium hosted a conference call and webcast for the investment community. Agrium will also webcast the call and a replay of the webcast will be available to all interested parties on its website, www.agrium.com. A copy of the slides presented on the conference call follows.

growing across the value chain
February 2009
Agrium and CF:
Growing Across the Value Chain

2
growing across the value chain
Important Information
This
presentation
does
not
constitute
an
offer
to
sell
or
the
solicitation
of

an
offer
to
buy
any
securities
or
a
solicitation
of
any
vote
or
approval.
This
presentation
relates
to
a
business
combination
transaction
with
CF
Industries
Holdings
Inc.
(CF)
proposed
by
Agrium
Inc.
(Agrium),
which
may
become
the
subject
of
a
registration
statement
filed
with
the
Securities
and
Exchange
Commission
(the

SEC).
This
material
is
not
a
substitute
for
the
prospectus/proxy
statement
Agrium
would
file
with
the
SEC
regarding
the
proposed
transaction
if
such
a
negotiated
transaction
with
CF
is
reached
or
for
any
other
document
which
Agrium
may
file
with
the
SEC
and
send
to
Agrium
or
CF
stockholders
in

connection
with
the
proposed
transaction.

INVESTORS

AND

SECURITY

HOLDERS

OF

AGRIUM

AND

CF

ARE

URGED

TO

READ

ANY

SUCH

DOCUMENTS

FILED

WITH

THE

SEC

CAREFULLY

IN

THEIR

ENTIRETY

IF

AND

WHEN

THEY

BECOME

AVAILABLE

BECAUSE

THEY

WILL

CONTAIN

IMPORTANT

INFORMATION

ABOUT

THE

PROPOSED

TRANSACTION.

Such

documents

would

be

available

free

of
charge
through
the
web
site
maintained
by
the
SEC
at
www.sec.gov,
by
calling
the
SEC
at
telephone
number
800-SEC-0330
or
by
directing
a
request
to
the
Agrium
Investor
Relations/Media
Department,
Agrium
Inc.,
13131
Lake
Fraser
Drive
S.E.,
Calgary,
Alberta,
Canada T2J 7E8.
Agrium
and
its
directors
and
executive
officers
and
other

persons
may
be
deemed
to
be
participants
in
any
solicitation
of
proxies
from
CF's
stockholders
in
respect
of
the
proposed
transaction
with
CF.
Information
regarding
Agrium's
directors
and
executive
officers
is
available
in
its
management
proxy
circular
dated
March
17,
2008
relating
to
the
annual
general
meeting
of
its
shareholders

held
on
May
7,
2008.
Other
information
regarding
potential
participants
in
such
proxy
solicitation
and
a
description
of
their
direct
and
indirect
interests,
by
security
holdings
or
otherwise,
will
be
contained
in
any
proxy
statement
or
tender
offer
statement
filed
in
connection with the proposed transaction.
All
information
in
this
presentation
concerning
CF,
including

its
business,
operations
and
financial
results
was
obtained
from
public
sources.
While
Agrium
has
no
knowledge
that
any
such
information
is
inaccurate
or
incomplete,
Agrium
has
not
had
the
opportunity
to
verify
any
of
that
information.

3

growing across the value chain

Forward-Looking Statements

Certain statements and other information included in this presentation constitute forward-looking statements within

the

meaning

of

the

U.S.

federal

securities

laws

or

forward-looking

information

within
the
meaning
of

applicable Canadian securities legislation (together, forward-looking statements). All statements in this presentation, other than those relating to historical information or current condition, are forward-looking statements, including, but not limited to, estimates, forecasts and statements as to management s expectations with respect to, among other things, business and financial prospects, financial multiples and accretion estimates, future trends, plans, strategies, objectives and expectations, including with respect to future operations following the proposed acquisition of CF. These forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such forward-looking statements. Events or circumstances that could cause actual results to differ materially from those in the forward-looking statements, include, but are not limited to, CF s failure to accept Agrium s proposal and enter into a definitive agreement to effect the transaction, Agrium common

shares
issued
in
connection
with
the
proposed
acquisition
may
have
a
market
value
lower
than

expected, the businesses of Agrium and CF, or any other recent business acquisitions, may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, the expected combination benefits and synergies and costs savings from the Agrium/CF transaction may not be fully realized or not realized within the expected time frame, the possible delay in the completion of the steps required to be taken for the eventual combination of the two companies, including the possibility that approvals or clearances required to be obtained from regulatory and other agencies and bodies will not be obtained in a timely manner, disruption from the proposed transaction making it more difficult to maintain relationships with customers, employees and suppliers, general business and economic conditions, interest rates, exchange rates and tax rates, weather conditions, crop prices, the supply, demand and price level for our major products, gas prices and gas availability, operating rates and production costs, domestic fertilizer consumption and any changes in government policy in key agriculture markets, including the application of price controls and tariffs on fertilizers and the availability of subsidies or changes in their amounts, changes in development plans, construction progress, political risks, including civil unrest, actions by armed groups or conflict, governmental and regulatory requirements and actions by governmental authorities, including changes in government policy, changes in environmental, tax and other laws or regulations and the interpretation

thereof
and
other
risk

factors
detailed
from
time
to
time
in
in
Agrium
and
CF's
reports
filed
with
the

SEC. Agrium disclaims any intention or obligation to update or revise any forward-looking statements in this presentation as a result of new information or future events, except as may be required under applicable U.S. federal securities laws or applicable Canadian securities legislation.

4
growing across the value chain
Forward-Looking Statements
These
forward-looking
statements
are
based
on
certain
assumptions
and
analyses
made
by us in light of our experience and perception of historical trends, current conditions and
expected

future
developments
as
well
as
other
factors
we
believe
are
appropriate
in
the

circumstances. Expected future developments are based, in part, upon assumptions respecting our ability to successfully integrate the businesses of Agrium and CF, or any other recent acquisitions.

All of the forward-looking statements contained herein are qualified by these cautionary statements

and
by
the
assumptions
that
are
stated
or
inherent
in
such
forward-looking

statements. Although we believe these assumptions are reasonable, undue reliance should not be placed on these assumptions and such forward-looking statements. The key assumptions that have been made in connection with the forward-looking statements include, but are not limited to, CF's acceptance of Agrium's proposal and the entering into of a definitive agreement to effect the proposed transaction, the market value of Agrium common shares issued in connection with the proposed acquisition, our ability to successfully integrate within expected time frames and costs, and realize the expected combination benefits and synergies and costs savings from the combination of the businesses of Agrium and CF, or any other recent business acquisitions, and our ability to maintain relationships with customers, employees and suppliers during the course of the proposed transaction.

5

growing across the value chain

Transaction Summary

30% to CF closing price on February 24, 2009 and 42% to the 30-day

VWAP

Premium:

76% Agrium and 24% CF

Pro Forma Ownership:

US\$72.00 per CF share

Offer Price:

Committed debt facilities from Royal Bank of Canada and Bank of Nova Scotia

Financing:

Negotiation of definitive merger agreement

CF offer for Terra terminated

Receipt of regulatory and other customary approvals

Absence of any material adverse changes to CF or its business

Our ability to conduct limited confirmatory due diligence

Key Conditions:

Aggregate consideration of US\$1.6 billion cash and 50.2 million shares

CF shareholders to receive US\$31.70 in cash and 1 Agrium share for each CF share

CF shareholders to elect cash or shares, subject to pro-ration

Allocation:

Agrium is proposing to acquire CF in a cash and stock deal

Offer:

6
growing across the value chain
Attractive Premium to CF Shareholders

CF shareholders receive an attractive premium from Agrium, rather than pay
a substantial premium to Terra shareholders

42%

\$50.60

30 day VWAP

43%

\$50.47

60 day VWAP

34%

\$53.63

10 day VWAP

30%

\$55.58

Feb. 24, 2009

34%

\$53.75

5 day VWAP

Premium

30

40

50

60

70

\$80

2-Jan-09

14-Jan-09

27-Jan-09

6-Feb-09

19-Feb-09

\$72.00 Offer Price

7

growing across the value chain

Investment Highlights

Generates compelling value for Agrium and CF
shareholders

Accretive transaction with strong strategic fit

Creates a global leader in nutrient production and
distribution, building on our leadership position in
Retail and Agrium Advanced Technologies

Strong track record of successful acquisitions,
integration and synergy achievement

8
growing across the value chain
* 2008 actual results include UAP contributions from date of acquisition (May 5, 2008)
Distribution
& Storage
Growers
Agrium Retail:
\$5.5-billion sales*
Advanced
Technologies:
Leader in Specialty
Fertilizers
\$350-million sales
Growers
Turf,
Home,

Garden
Agrium
Wholesale:
\$4.7-billion sales
Nitrogen, Potash,
Phosphate & Sulphate
Distribution
& Storage
Industrial
Customers
Retail Customers
Purchase
for
Resale
Potash expansion
CMF distribution
MOPCO investment
Royster, ConAgra,
ADM retail, and
UAP
Hanfeng, Pursell,
NuGro, ESN
CF Acquisition
Continues Agrium's Growth Across the Value Chain

9
growing across the value chain
Continues Agrium's Growth Across the Value Chain
* Agrium amounts reported in Canadian GAAP, and CF amounts reported in U.S. GAAP,
EBITDA for Wholesale products allocated proportionately based on gross profit

CF shareholders benefit from greater leverage to a larger more diverse
wholesale business, including access to high margin potash business

Provides CF with the stability of Agrium's Retail and Advanced Technology
businesses

10
growing across the value chain

Invested approximately \$3.4B in past 5 years and achieved synergies greater than announced and earlier than expected

Agrium has completed 9 acquisitions in 4 years and other growth initiatives across the value chain

Strong Record of Growth & Successful
Integration of Acquisitions

(1) 2008 Combined results include full year revenue for AGU and UAP by segment

0
3,000
6,000
9,000
12,000

15,000

18,000

AGU

CF

AGU with

Royster

CF

AGU

CF

AGU with

UAP

CF

AGU with

UAP and

CF

CF

2005

2006

2007

Wholesale

AAT

Retail

2008

Combined

2008

(1)

(1)

Expanded base business

11
growing across the value chain
Agrium Wholesale Production and Distribution
Potash
Production
Phosphate Mine
Phosphate
Production
Nitrogen Production
Granulation
Production
Storage
Magellan Pipeline
South America

Africa/Middle East

North America

* Profertil S.A. is 50 percent owned by Agrium Inc. and 50 percent owned by Repsol YPF, S.A. in Argentina

** 26 percent interest in MISR Oil Processing Company, S.A.E. (MOPCO) in Egypt.

*** 70 percent equity position in Common Market Fertilizers S.A. (CMF) in Europe.

Damietta

Egypt

(MOPCO)**

Bahia Blanca,

Argentina

(Profertil S.A.) *

San Nicolas

Import Terminal

(Profertil S.A.)*

Agrium

Europe

Common Market Fertilizers S.A.

(CMF)***

12
growing across the value chain
Agrium and CF Production and Distribution
Potash
Production
Phosphate Mine
Phosphate
Production
Nitrogen Production
Granulation
Production
Storage
Magellan Pipeline
Phosphate Mine

Phosphate
Production
Nitrogen Production
Storage
Valero Pipeline
South America
Africa/Middle East
North America
Damietta
Egypt
(MOPCO)**
Bahia Blanca,
Argentina
(Profertil S.A.) *
San Nicolas
Import Terminal
(Profertil S.A.)*
Agrium
CF
Europe
Common Market Fertilizers S.A.
(CMF)***

* Profertil S.A. is 50 percent owned by Agrium Inc. and 50 percent owned by Repsol YPF, S.A. in Argentina

** 26 percent interest in MISR Oil Processing Company, S.A.E. (MOPCO) in Egypt.

*** 70 percent equity position in Common Market Fertilizers S.A. (CMF) in Europe.

13
growing across the value chain
Creates a Global Nitrogen Leader
6.7
6.4
3.4
3.4
3.4
3.0
2.3
0.0
1.0
2.0
3.0
4.0
5.0

6.0

7.0

8.0

Yara

Combined

Agrium/CF

PCS

Terra

Agrium

CF

Koch

Global Nitrogen Capacity

Source: British Sulphur and IFDC

14
growing across the value chain
0
50
100
150
200
250
300
350
400
450
W. Canada
NOLA (US Gulf)
Ukraine
W. Europe

Natural Gas
Other Cash Costs
Freight to Port
Ocean Freight
Attractive Economics for North American Producers
Source: Fertecon, Clarkson Research, Agrium

Lower gas prices in NA and higher prices elsewhere, combined with firm nitrogen demand, result in strong NA nitrogen margins

NOLA Granular Price = **\$335/MT**

\$8/

mmBtu

\$12/

mmBtu

\$4/

mmBtu

\$3/

mmBtu

15
growing across the value chain
Phosphate Advantages
4,307
2,370
1,673
953
775
720
376
0
500
1,000
1,500
2,000
2,500

3,000

3,500

4,000

4,500

5,000

Mosaic

PCS

Combined

Agrium/CF

CF

J.R. Simplot

Co.

Agrium

Mississippi

Phos Corp.

North American Phosphate Nutrient Capacity

Source: IFDC Worldwide Phosphoric Acid Capacity Listing by Plant, June 2008

16
growing across the value chain
Competitive Phosphate Position

Agrium has an in-market advantage in the PNW and Western Canada

CF has a world class, low-cost operation in Florida

0
100
200
300
400
500
600
700

Production Costs

Tampa MAP Price

PNW MAP Price

PNW/W.Canada

\$500/tonne

Florida price \$365/tonne

Source: British Sulphur, Blue, Johnson & Associates, Agrium, costs as of February 24, 2009

17

growing across the value chain

Agrium & CF: Compelling Economics

Anticipate annual synergies of approximately
\$150-million from Agrium/CF combination

Phased realization over three years

Synergies expected through:

SG&A reductions

Procurement of plant materials, equipment and logistics
services

Efficiencies in sales, marketing and distribution

Expected to be accretive to both earnings and cash flow in 2010, significantly accretive in subsequent years

18
growing across the value chain
Strength, Breadth and Scale to Realize Future
Growth

Larger company with significantly greater trading liquidity

Agrium
has
trading
volumes
nearly
double
those
of
CF

(1)
28.1
16.0
11.5
9.8
3.0
2.4
1.9
1.5
8.5
11.5
7.6
2.1
0
5
10
15
20
25
\$30
Potash
Corp
Mosaic
Israel
Chemicals
Combined
Agrium /
CF
Yara
Agrium
K+S
Incitec
Pivot
Uralkali
CF
Terra
Intrepid

(3)

(1)

Based on total volume traded on the NYSE and TSX over the last twelve months

(2)

Enterprise value = market capitalization + preferred equity + net debt + minority interest. Values calculated using closing price February 24, 2009, and latest available balance sheet figures

(3)

Enterprise value includes purchase premium offered for CF shares

19

growing across the value chain

Combined Capital Structure Remains Strong

Cash consideration supported by \$1.4 billion in committed financing

Credit metrics for combined company remain in line with investment grade rating

Expected strong future cash flow from combined entity would allow for future additional growth and/or share buy-backs or increased dividends

Current Agrium

(1)

Combined Agrium/CF

(1,2)

Total Debt

36%
Shareholder
Equity
61%
Minority
Interest
3%
0%
20%
40%
60%
80%
100%
Current Agrium
Total Debt

35%
Shareholder
Equity
62%
Minority
Interest
3%
0%
20%
40%
60%
80%
100%

Combined Agrium/CF

(1)
Based on December 31, 2008 balance sheet

(2)
Assumes \$72 purchase price funded 56% with equity and remainder by cash
and debt

20

growing across the value chain

Compelling Value for Shareholders of Both Companies

Most Attractive Option for CF Shareholders:

CF shareholders receive an attractive premium from
Agrium, rather than pay a premium to Terra shareholders

Attractive cash component of US\$ 31.70 per share and
24 percent of a combined Agrium/CF company

Significant Agrium share component allows CF
shareholders an opportunity to participate in further value
creation, including realization of significant synergies

Benefit from more diverse product and revenue mix

21

growing across the value chain

Compelling Value for Shareholders of Both Companies

For Agrium Shareholders:

Accretive to Agrium shareholders

Creates a global leader in crop nutrients

Continues Agrium's growth across value chain

Proven track record of successful acquisitions and integration

Increased leverage across wholesale and distribution businesses