

ICAHN ENTERPRISES L.P.
 Form 10-Q
 November 08, 2018
 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 September 30, 2018

(Commission File Number)	(Exact Name of Registrant as Specified in Its Charter) (Address of Principal Executive Offices) (Zip Code) (Telephone Number)	(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
1-9516	ICAHN ENTERPRISES L.P. 767 Fifth Avenue, Suite 4700 New York, NY 10153 (212) 702-4300	Delaware	13-3398766
333-118021-01	ICAHN ENTERPRISES HOLDINGS L.P. 767 Fifth Avenue, Suite 4700 New York, NY 10153 (212) 702-4300	Delaware	13-3398767

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.

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. 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 or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act (Check One):

Icahn Enterprises L.P.	Icahn Enterprises Holdings L.P.
Large Accelerated Filer <input checked="" type="checkbox"/> Accelerated Filer <input type="checkbox"/>	Large Accelerated Filer <input type="checkbox"/> Accelerated Filer <input type="checkbox"/>
Non-accelerated Filer <input type="checkbox"/> Smaller Reporting Company <input type="checkbox"/>	Non-accelerated Filer <input checked="" type="checkbox"/> Smaller Reporting Company <input type="checkbox"/>
Emerging Growth Company <input type="checkbox"/>	Emerging Growth Company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

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Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Icahn Enterprises L.P. Yes No Icahn Enterprises Holdings L.P. Yes No

As of November 8, 2018, there were 186,650,073 of Icahn Enterprises' depository units outstanding.

ICAHN ENTERPRISES L.P.
ICAHN ENTERPRISES HOLDINGS L.P.
TABLE OF CONTENTS

	Page No.
<u>Explanatory Note and Forward-Looking Statements</u>	<u>1</u>
PART I. FINANCIAL INFORMATION	
<u>Item 1. Financial Statements.</u>	<u>2</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>44</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>63</u>
<u>Item 4. Controls and Procedures.</u>	<u>63</u>
PART II. OTHER INFORMATION	
<u>Item 1. Legal Proceedings.</u>	<u>64</u>
<u>Item 1A. Risk Factors.</u>	<u>64</u>
<u>Item 6. Exhibits.</u>	<u>65</u>

EXPLANATORY NOTE

This Quarterly Report on Form 10-Q (this "Report") is a joint report being filed by Icahn Enterprises L.P. and Icahn Enterprises Holdings L.P. Each registrant hereto is filing on its own behalf all of the information contained in this Report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

FORWARD-LOOKING STATEMENTS

This Report contains certain statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("the Exchange Act"), or by Public Law 104-67. All statements included in this Report, other than statements that relate solely to historical fact, are "forward-looking statements." Such statements include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events, or any statement that may relate to strategies, plans or objectives for, or potential results of, future operations, financial results, financial condition, business prospects, growth strategy or liquidity, and are based upon management's current plans and beliefs or current estimates of future results or trends. Forward-looking statements can generally be identified by phrases such as "believes," "expects," "potential," "continues," "may," "should," "seeks," "predicts," "anticipates," "intends," "projects," "estimates," "plans," "could," "designed," "should be" and other similar expressions that denote expectations of future or conditional events rather than statements of fact.

Forward-looking statements include certain statements made under the caption, "Management's Discussion and Analysis of Financial Condition and Results of Operations," under Part I, Item 2 of this Report, but also forward-looking statements that appear in other parts of this Report. Forward-looking statements reflect our current views with respect to future events and are based on certain assumptions and are subject to risks and uncertainties that could cause our actual results to differ materially from trends, plans, or expectations set forth in the forward-looking statements. These risks and uncertainties may include the risks and uncertainties described in our Annual Report on Form 10-K for the year ended December 31, 2017 and those set forth in this Report, including under the caption "Risk Factors," under Part II, Item 1A of this Report. Additionally, there may be other factors not presently known to us or which we currently consider to be immaterial that may cause our actual results to differ materially from the forward-looking statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except unit amounts)

	September 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Cash and cash equivalents	\$1,053	\$ 1,264
Cash held at consolidated affiliated partnerships and restricted cash	801	766
Investments	9,332	10,038
Due from brokers	338	506
Accounts receivable, net	700	612
Inventories, net	1,961	1,805
Property, plant and equipment, net	6,179	6,364
Goodwill	336	334
Intangible assets, net	513	544
Assets held for sale	8,891	8,790
Other assets	871	778
Total Assets	\$30,975	\$ 31,801
LIABILITIES AND EQUITY		
Accounts payable	\$1,025	\$ 1,001
Accrued expenses and other liabilities	1,069	1,033
Deferred tax liability	787	924
Unrealized loss on derivative contracts	985	1,275
Securities sold, not yet purchased, at fair value	625	1,023
Due to brokers	243	1,057
Liabilities held for sale	5,998	6,202
Debt	7,907	7,918
Total liabilities	18,639	20,433
Commitments and contingencies (Note 16)		
Equity:		
Limited partners: Depository units: 186,650,073 units issued and outstanding at September 30, 2018 and 173,564,307 units issued and outstanding at December 31, 2017	5,837	5,341
General partner	(225) (235
Equity attributable to Icahn Enterprises	5,612	5,106
Equity attributable to non-controlling interests	6,724	6,262
Total equity	12,336	11,368
Total Liabilities and Equity	\$30,975	\$ 31,801

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per unit amounts)

	Three Months Ended September 30, 2018		2017		Nine Months Ended September 30, 2018		2017	
	(Unaudited)							
Revenues:								
Net sales	\$2,864	\$2,404	\$8,220	\$7,107				
Other revenues from operations	217	181	632	705				
Net (loss) gain from investment activities	(514)	420	328	604				
Interest and dividend income	36	34	99	94				
Gain on disposition of assets, net	65	446	65	1,969				
Other income (loss), net	17	19	83	(11)				
	2,685	3,504	9,427	10,468				
Expenses:								
Cost of goods sold	2,406	2,054	7,007	6,174				
Other expenses from operations	173	144	490	469				
Selling, general and administrative	340	323	1,042	945				
Restructuring, net	17	1	20	3				
Impairment	—	—	7	76				
Interest expense	130	164	407	525				
	3,066	2,686	8,973	8,192				
(Loss) income from continuing operations before income tax benefit (expense)	(381)	818	454	2,276				
Income tax benefit (expense)	71	(18)	57	(13)				
(Loss) income from continuing operations	(310)	800	511	2,263				
Income from discontinued operations	163	29	353	131				
Net (loss) income	(147)	829	864	2,394				
Less: net (loss) income attributable to non-controlling interests	(273)	232	292	262				
Net income attributable to Icahn Enterprises	\$126	\$597	\$572	\$2,132				
Net (loss) income attributable to Icahn Enterprises from:								
Continuing operations	\$(29)	\$577	\$243	\$2,027				
Discontinued operations	155	20	329	105				
	\$126	\$597	\$572	\$2,132				
Net income attributable to Icahn Enterprises allocable to:								
Limited partners	\$124	\$586	\$561	\$2,090				
General partner	2	11	11	42				
	\$126	\$597	\$572	\$2,132				
Basic and diluted (loss) income per LP unit:								
Continuing operations	\$(0.16)	\$3.41	\$1.34	\$12.58				
Discontinued operations	0.84	0.12	1.81	0.65				
	\$0.68	\$3.53	\$3.15	\$13.23				
Basic and diluted weighted average LP units outstanding	183	166	178	158				
Cash distributions declared per LP unit	\$1.75	\$1.50	\$5.25	\$4.50				

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2017	
	2018	2017	2018	2017
	(Unaudited)			
Net (loss) income	\$(147)	\$829	\$864	\$2,394
Other comprehensive (loss) income, net of tax:				
Post-retirement benefits	4	7	21	17
Hedge instruments	(1)	(4)	(3)	(1)
Translation adjustments and other	(11)	(1)	(86)	107
Other comprehensive (loss) income, net of tax	(8)	2	(68)	123
Comprehensive (loss) income	(155)	831	796	2,517
Less: Comprehensive (loss) income attributable to non-controlling interests	(275)	235	284	274
Comprehensive income attributable to Icahn Enterprises	\$120	\$596	\$512	\$2,243
Comprehensive income attributable to Icahn Enterprises allocable to:				
Limited partners	\$118	\$584	\$502	\$2,198
General partner	2	12	10	45
	\$120	\$596	\$512	\$2,243

Accumulated other comprehensive loss was \$1,479 million and \$1,411 million at September 30, 2018 and December 31, 2017, respectively.

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In millions, Unaudited)

	Equity Attributable to Icahn Enterprises			Non-controlling Interests	Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity		
Balance, December 31, 2017	\$(235)	\$5,341	\$5,106	\$6,262	\$11,368
Net income	11	561	572	292	864
Other comprehensive loss	(1)	(59)	(60)	(8)	(68)
Partnership distributions	(2)	(71)	(73)	—	(73)
Investment segment contributions	—	—	—	280	280
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(109)	(109)
Cumulative effect adjustment from adoption of accounting principle	(1)	(28)	(29)	—	(29)
Changes in subsidiary equity and other	3	93	96	7	103
Balance, September 30, 2018	\$(225)	\$5,837	\$5,612	\$6,724	\$12,336

	Equity Attributable to Icahn Enterprises			Non-controlling Interests	Total Equity
	General Partner's (Deficit) Equity	Limited Partners' Equity	Total Partners' Equity		
Balance, December 31, 2016	\$(294)	\$2,448	\$2,154	\$5,863	\$8,017
Net income	42	2,090	2,132	262	2,394
Other comprehensive income	3	108	111	12	123
Partnership distributions	(1)	(60)	(61)	—	(61)
Partnership contributions	12	600	612	—	612
Investment segment contributions	—	—	—	600	600
Dividends and distributions to non-controlling interests in subsidiaries	—	—	—	(38)	(38)
Cumulative effect adjustment from adoption of accounting principle	(1)	(46)	(47)	—	(47)
Changes in subsidiary equity and other	(3)	(114)	(117)	(285)	(402)
Balance, September 30, 2017	\$(242)	\$5,026	\$4,784	\$6,414	\$11,198

See notes to condensed consolidated financial statements.

ICAHN ENTERPRISES L.P. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Nine Months Ended September 30, 2018 2017 (Unaudited)	
Cash flows from operating activities:		
Net income	\$864	\$2,394
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Income from discontinued operations	(353)	(131)
Net gain from securities transactions	(858)	(1,852)
Purchases of securities	(3,911)	(704)
Proceeds from sales of securities	5,538	2,292
Purchases to cover securities sold, not yet purchased	(1,390)	(692)
Proceeds from securities sold, not yet purchased	949	1,222
Changes in receivables and payables relating to securities transactions	(609)	(2,702)
Gain on disposition of assets, net	(65)	(1,969)
Depreciation and amortization	389	406
Impairment	7	76
Deferred taxes	(65)	(9)
Other, net	39	5
Changes in operating assets and liabilities	(554)	340
Net cash used in operating activities from continuing operations	(19)	(1,324)
Net cash provided by operating activities from discontinued operations	345	410
Net cash provided by (used in) operating activities	326	(914)
Cash flows from investing activities:		
Capital expenditures	(276)	(333)
Acquisition of businesses, net of cash acquired	(13)	(105)
Purchase of additional interests in consolidated subsidiaries	—	(349)
Proceeds from disposition of assets	160	1,405
Other, net	(20)	14
Net cash (used in) provided by investing activities from continuing operations	(149)	632
Net cash used in investing activities from discontinued operations	(318)	(298)
Net cash (used in) provided by investing activities	(467)	334
Cash flows from financing activities:		
Investment segment contributions from non-controlling interests	280	600
Partnership contributions	—	612
Partnership distributions	(73)	(61)
Proceeds from offering of subsidiary equity	6	—
Dividends and distributions to non-controlling interests in subsidiaries	(104)	(34)
Proceeds from Holding Company senior unsecured notes	—	1,195
Repayments of Holding Company senior unsecured notes	—	(1,175)
Proceeds from subsidiary borrowings	1,003	843
Repayments of subsidiary borrowings	(1,065)	(933)
Other, net	6	2
Net cash provided by financing activities from continuing operations	53	1,049
Net cash used in financing activities from discontinued operations	(131)	(191)
Net cash (used in) provided by financing activities	(78)	858

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Effect of exchange rate changes on cash and cash equivalents and restricted cash and restricted cash equivalents (1) 2
Add back decrease in cash of assets held for sale