FMC CORP
Form 10-Q
November 06, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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x Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2018
or
o 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 1-2376

FMC CORPORATION
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	94-0479804 (I.R.S. Employer Identification No.)
2929 Walnut Street Philadelphia, Pennsylvania	19104
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 215-299-6000

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 x NO o
INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY 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 SUCH FILES) YES x NO o
INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER, 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):

LARGE ACCELERATED FILER	x	ACCELERATED FILER	o
NON-ACCELERATED FILER	o	SMALLER REPORTING COMPANY	o
		EMERGING GROWTH COMPANY	o

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 o

OR REVISED FINANCIAL ACCOUNTING STANDARDS PROVIDED
PURSUANT TO SECTION 13(A) OF THE EXCHANGE ACT.

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A SHELL COMPANY (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT) YES o NO x

Class	Outstanding at September 30, 2018
Common Stock, par value $0.10 per share	134,657,913

FMC CORPORATION
INDEX

	Page No.
Part I - FINANCIAL INFORMATION	3
Item 1. Financial Statements	3
Condensed Consolidated Statements of Income (Loss) - Three and nine months ended September 30, 2018 and 2017 (unaudited)	3
Condensed Consolidated Statements of Comprehensive Income (Loss) - Three and nine months ended September 30, 2018 and 2017 (unaudited)	4
Condensed Consolidated Balance Sheets - September 30, 2018 and December 31, 2017 (unaudited)	5
Condensed Consolidated Statements of Cash Flows - Nine months ended September 30, 2018 and 2017 (unaudited)	6
Notes to Condensed Consolidated Financial Statements (unaudited)	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	43
Item 3. Quantitative and Qualitative Disclosures About Market Risk	60
Item 4. Controls and Procedures	60
Part II - OTHER INFORMATION	62
Item 1. Legal Proceedings	62
Item 1A. Risk Factors	62
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	63
Item 5. Other Information	63
Item 6. Exhibits	63
Signatures	64

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in Millions, Except Per Share Data)	(unaudited)		(unaudited)	
Revenue	$1,035.6	$646.2	$3,508.6	$1,899.0
Costs and Expenses				
Costs of sales and services	$589.4	$380.3	$1,963.6	$1,182.5
Gross margin	$446.2	$265.9	$1,545.0	$716.5
Selling, general and administrative expenses	207.6	154.5	619.4	399.3
Research and development expenses	70.9	30.2	213.8	90.4
Restructuring and other charges (income)	25.9	7.1	29.2	22.3
Total costs and expenses	$893.8	$572.1	$2,826.0	$1,694.5
Income from continuing operations before equity in (earnings) loss of affiliates, non-operating pension and postretirement charges (income), interest expense, net and income taxes	$141.8	$74.1	$682.6	$204.5
Equity in (earnings) loss of affiliates	—	—	(0.1)	(0.2)
Non-operating pension and postretirement charges (income)	(1.2)	(3.6)	(0.5)	(12.3)
Interest expense, net	33.4	18.4	101.7	51.3
Income (loss) from continuing operations before income taxes	$109.6	$59.3	$581.5	$165.7
Provision (benefit) for income taxes	30.1	(11.6)	100.4	1.1
Income (loss) from continuing operations	$79.5	$70.9	$481.1	$164.6
Discontinued operations, net of income taxes	(4.7)	(15.1)	(4.2)	(157.3)
Net income (loss)	$74.8	$55.8	$476.9	$7.3
Less: Net income (loss) attributable to noncontrolling interests	2.0	0.6	7.2	1.6
Net income (loss) attributable to FMC stockholders	$72.8	$55.2	$469.7	$5.7
Amounts attributable to FMC stockholders:				
Continuing operations, net of income taxes	$77.5	$70.4	$473.9	$163.1
Discontinued operations, net of income taxes	(4.7)	(15.2)	(4.2)	(157.4)
Net income (loss) attributable to FMC stockholders	$72.8	$55.2	$469.7	$5.7
Basic earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.50	$1.21
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.17)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.47	$0.04
Diluted earnings (loss) per common share attributable to FMC stockholders:				
Continuing operations	$0.57	$0.52	$3.48	$1.20
Discontinued operations	(0.03)	(0.11)	(0.03)	(1.16)
Net income (loss) attributable to FMC stockholders	$0.54	$0.41	$3.45	$0.04

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

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
(in Millions)	(unaudited)		(unaudited)	
Net income (loss)	$74.8	$55.8	$476.9	$7.3
Other comprehensive income (loss), net of tax:				
Foreign currency adjustments:				
Foreign currency translation gain (loss) arising during the period	$(3.6)	$45.6	$(72.0)	$162.2
Reclassification of foreign currency translation (gains) losses (2)	—	17.0	—	17.0
Total foreign currency translation adjustments (1)	$(3.6)	$62.6	$(72.0)	$179.2
Derivative instruments:				
Unrealized hedging gains (losses) and other, net of tax of $3.8 and $4.0 for the three and nine months ended September 30, 2018 and $0.2 and ($2.6) for the three and nine months ended September 30, 2017, respectively	$2.6	$(1.7)	$12.0	$(3.2)
Reclassification of deferred hedging (gains) losses and other, included in net income, net of tax of ($4.6) and ($5.0) for the three and nine months ended September 30, 2018 and $1.0 and $0.9 for the three and nine months ended September 30, 2017, respectively (2)	(9.2)	1.5	(10.9)	1.3
Total derivative instruments, net of tax of ($0.8) and ($1.0) for the three and nine months ended September 30, 2018 and $1.2 and ($1.7) for the three and nine months ended September 30, 2017, respectively	$(6.6)	$(0.2)	$1.1	$(1.9)
Pension and other postretirement benefits:				
Unrealized actuarial gains (losses) and prior service (costs) credits, net of tax of zero and zero for the three and nine months ended September 30, 2018 and ($0.1) and $2.7 for the three and nine months ended September 30, 2017, respectively (3)	$—	$(1.3)	$—	$1.3
Reclassification of net actuarial and other (gain) loss and amortization of prior service costs, included in net income, net of tax of $0.9 and $2.7 for the three and nine months ended September 30, 2018 and $1.7 and $5.7 for the three and nine months ended September 30, 2017, respectively (2)	3.6	3.2	10.4	11.0
Total pension and other postretirement benefits, net of tax of $0.9 and $2.7 for the three and nine months ended September 30, 2018 and $1.6 and $8.4 for the three and nine months ended September 30, 2017, respectively	$3.6	$1.9	$10.4	$12.3
Other comprehensive income (loss), net of tax	$(6.6)	$64.3	$(60.5)	$189.6
Comprehensive income (loss)	$68.2	$120.1	$416.4	$196.9
Less: Comprehensive income (loss) attributable to the noncontrolling interest	1.7	0.1	5.9	1.4
Comprehensive income (loss) attributable to FMC stockholders	$66.5	$120.0	$410.5	$195.5

(1) Income taxes are not provided on the equity in undistributed earnings of our foreign subsidiaries or affiliates since it is our intention that such earnings will remain invested in those affiliates indefinitely. Note, in the first quarter of 2017, we changed our assertion on unremitted earnings for certain foreign subsidiaries as a result of the sale of our FMC Health and Nutrition segment.

(2) For more detail on the components of these reclassifications and the affected line item in the condensed consolidated statements of income (loss) see Note 14.

(3)

At December 31 of each year, we remeasure our pension and postretirement plan obligations at which time we record any actuarial gains (losses) and prior service (costs) credits to other comprehensive income. The interim adjustments noted above typically reflect the foreign currency translation impacts from the unrealized actuarial gains (losses) and prior service (costs) credits related to our foreign pension and postretirement plans. During the nine months ended September 30, 2017, due to the announced plans to divest of FMC Health and Nutrition business, we triggered a curtailment of our U.S. pension plans. As a result, we revalued our pension plans which resulted in adjustments to comprehensive income. See Note 15 for more information.

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

FMC CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(in Millions, Except Share and Par Value Data)	September 30, 2018	December 31, 2017
ASSETS	(unaudited)	
Current assets		
Cash and cash equivalents	$176.5	$ 283.0
Trade receivables, net of allowance of $20.0 in 2018 and $38.7 in 2017	1,901.9	2,043.5
Inventories	995.4	992.5
Prepaid and other current assets	417.4	326.4
Current assets of discontinued operations held for sale	—	7.3
Total current assets	$3,491.2	$ 3,652.7
Investments	0.7	1.4
Property, plant and equipment, net	1,002.7	1,025.2
Goodwill	1,466.4	1,198.9
Other intangibles, net	2,739.9	2,631.8
Other assets including long-term receivables, net	416.4	443.6
Deferred income taxes	289.6	252.7
Total assets	$9,406.9	$ 9,206.3
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt and current portion of long-term debt	$149.4	$ 192.6
Accounts payable, trade and other	784.2	714.2
Advance payments from customers	30.1	380.6
Accrued and other liabilities	572.1	497.7
Accrued customer rebates	562.8	266.6
Guarantees of vendor financing	37.0	51.5
Accrued pension and other postretirement benefits, current	5.7	5.7
Income taxes	130.2	99.2
Current liabilities of discontinued operations held for sale	—	1.3
Total current liabilities	$2,271.5	$ 2,209.4
Long-term debt, less current portion	2,593.3	2,993.0
Accrued pension and other postretirement benefits, long-term	15.5	59.3
Environmental liabilities, continuing and discontinued	310.0	346.2
Deferred income taxes	330.6	173.2
Other long-term liabilities	807.7	718.1
Commitments and contingent liabilities (Note 18)		
Equity		
Preferred stock, no par value, authorized 5,000,000 shares; no shares issued in 2018 or 2017	$—	$ —
Common stock, $0.10 par value, authorized 260,000,000 shares; 185,983,792 issued shares in 2018 and 2017	18.6	18.6
Capital in excess of par value of common stock	471.5	450.7
Retained earnings	4,355.1	3,952.4
Accumulated other comprehensive income (loss)	(299.5)	(240.3)
Treasury stock, common, at cost - 2018: 51,325,879 shares, 2017: 51,653,236 shares	(1,499.3)	(1,499.6)
Total FMC stockholders’ equity	$3,046.4	$ 2,681.8
Noncontrolling interests	31.9	25.3
Total equity	$3,078.3	$ 2,707.1
Total liabilities and equity	$9,406.9	$ 9,206.3

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

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in Millions)	Nine Months Ended September 30, 2018	2017
	(unaudited)	
Cash provided (required) by operating activities of continuing operations:		
Net income (loss)	$476.9	$7.3
Discontinued operations, net of income taxes	4.2	157.3
Income (loss) from continuing operations	$481.1	$164.6
Adjustments from income from continuing operations to cash provided (required) by operating activities of continuing operations:		
Depreciation and amortization	$124.7	$71.2
Equity in (earnings) loss of affiliates	(0.1)	(0.2)
Restructuring and other charges (income)	29.2	22.3
Deferred income taxes	(42.9)	4.6
Pension and other postretirement benefits	4.0	(6.3)
Share-based compensation	17.3	16.3
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
Trade receivables, net	91.7	286.8
Guarantees of vendor financing	(14.6)	(48.5)
Inventories	(110.5)	(108.1)
Accounts payable, trade and other	92.7	104.6
Advance payments from customers	(350.0)	(233.6)
Accrued customer rebates	304.4	123.6
Income taxes	24.6	(4.3)
Pension and other postretirement benefit contributions	(34.1)	(51.1)
Environmental spending, continuing, net of recoveries	(9.2)	(11.5)
Restructuring and other spending	(17.0)	(4.2)
Transaction-related charges	(89.1)	(35.2)
Change in other operating assets and liabilities, net [(1)]	(41.3)	(18.5)
Cash provided (required) by operating activities of continuing operations	$460.9	$272.5
Cash provided (required) by operating activities of discontinued operations:		
Environmental spending, discontinued, net of recoveries	$(18.0)	$(19.2)
Other discontinued spending	(20.1)	(22.4)
Operating activities of discontinued operations, net of divestiture costs	(8.8)	88.6
Cash provided (required) by operating activities of discontinued operations	$(46.9)	$47.0

(1) Changes in all periods primarily represent timing of payments associated with all other operating assets and liabilities.

The accompanying notes are an integral part of these condensed consolidated financial statements.
(continued)

FMC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(in Millions)	Nine Months Ended September 30, 2018 (unaudited)	2017
Cash provided (required) by investing activities of continuing operations:		
Capital expenditures	$(88.6)	$(37.3)
Proceeds from sale of product portfolios	88.0	—
Proceeds from disposal of property, plant and equipment	1.1	1.6
Acquisitions, net (2)	19.6	—
Other investing activities	(42.6)	(34.3)
Cash provided (required) by investing activities of continuing operations	$(22.5)	$(70.0)
Cash provided (required) by investing activities of discontinued operations:		
Proceeds from divestitures	$—	$38.0
Other discontinued investing activities	(15.0)	(17.8)
Cash provided (required) by investing activities of discontinued operations	$(15.0)	$20.2
Cash provided (required) by financing activities of continuing operations:		
Increase (decrease) in short-term debt	$(18.8)	14.1
Repayments of long-term debt	(401.4)	(301.9)
Financing fees	(2.4)	(11.0)
Proceeds from borrowings of long-term debt	—	103.3
Issuances of common stock, net	9.4	20.1
Transactions with noncontrolling interests	—	(0.5)
Dividends paid (3)	(66.9)	(66.6)
Other repurchases of common stock	(5.4)	(1.8)
Cash provided (required) by financing activities of continuing operations	$(485.5)	$(244.3)
Effect of exchange rate changes on cash and cash equivalents	2.5	4.2
Increase (decrease) in cash and cash equivalents	$(106.5)	$29.6
Cash and cash equivalents, beginning of period	283.0	64.2
Cash and cash equivalents, end of period	$176.5	$93.8

(2) Represents the cash received as a result of the working capital settlement associated with the consideration paid for the DuPont Crop Protection Business. See Note 4 for more information on the non-cash consideration transferred to DuPont.

(3) See Note 14 regarding quarterly cash dividend.

Supplemental disclosure of cash flow information: Cash paid for interest, net of capitalized interest was $98.4 million and $72.7 million, and income taxes paid were $103.3 million and $21.0 million for the nine months ended September 30, 2018 and 2017, respectively. Net interest payments of $15.1 million and tax payments, net of refunds of $8.1 million were allocated to discontinued operations for the nine months ended September 30, 2017, respectively. Non-cash additions to property, plant and equipment were $7.2 million and $4.4 million for the nine months ended September 30, 2018 and 2017, respectively.

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

FMC CORPORATION
Notes to Condensed Consolidated Financial Statements (unaudited)

Note 1: Financial Information and Accounting Policies
In our opinion the condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) applicable to interim period financial statements and reflect all adjustments necessary for a fair statement of results of operations for the three and nine months ended September 30, 2018 and 2017, cash flows for the nine months ended September 30, 2018 and 2017, and our financial positions as of September 30, 2018 and December 31, 2017. All such adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes. The results of operations for the three and nine months ended September 30, 2018 and 2017 are not necessarily indicative of the results of operations for the full year. The condensed consolidated balance sheets as of September 30, 2018 and December 31, 2017, and the related condensed consolidated statements of income (loss) and condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2018 and 2017 and condensed consolidated statements of cash flows for the nine months ended September 30, 2018 and 2017, have been reviewed by our independent registered public accountants. The review is described more fully in their report included herein. Our accounting policies are set forth in detail in Note 1 to the consolidated financial statements included with our Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2017 (the “2017 10-K”).

Certain prior year amounts have been reclassified to conform to current year's presentation. Refer to the discussion within Note 2 for the impact of adopting guidance related to the presentation of net benefit cost.

Note 2: Recently Issued and Adopted Accounting Pronouncements and Regulatory Items
New accounting guidance and regulatory items
In August 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-15, Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract. The amendments in this ASU align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date). We are evaluating the effect the guidance will have on our consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118 related to the Tax Cuts and Jobs Act. This update amends several paragraphs in ASC 740, Income Taxes, that contain SEC guidance related to SAB 118, which was previously issued in December 2017 by the SEC. These amendments are effective upon inclusion in the codification. As discussed in our 2017 Form 10-K, we will continue to refine our calculations and finalize the accounting for the changes in tax law within the measurement period of up to one year. Refer to Note 16 for more information.

In February 2018, the FASB issued ASU No. 2018-02, Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. This new standard permits a company to reclassify the income tax effects of the change in the U.S federal corporate income tax rate on the gross deferred tax amounts and related valuation allowances as well as other income tax effects related to the application of the Tax Cuts and Jobs Act (the "Act") within Accumulated other comprehensive income ("AOCI") to retained earnings. There are also new required disclosures such as a description of the accounting policy for releasing income tax effects from AOCI as well as certain disclosures in the period of adoption if a company elects to reclassify the income tax effects. The new standard is effective for fiscal years beginning after December 15, 2018 (i.e. a January 1, 2019 effective date), and interim periods within those fiscal years, with early adoption permitted. We are evaluating the effect the guidance will have on our consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815). This ASU amends and simplifies existing hedge accounting guidance and allows for more hedging strategies to be eligible for hedge accounting. In addition, the ASU amends disclosure requirements and how hedge effectiveness is assessed. The new standard is effective for fiscal years beginning after December 15, 2018 (i.e. a January 1, 2019 effective date), with early adoption permitted in any interim period after issuance of this ASU. We are evaluating the effect the guidance will have on our consolidated financial statements.

Table of Contents

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment. This ASU changes the subsequent measurement of goodwill impairment by eliminating Step 2 from the impairment test. Under the new guidance, an entity will measure impairment using the difference between the carrying amount and the fair value of the reporting unit. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date), with early adoption permitted for goodwill impairment tests with measurement dates after January 1, 2017. We believe the adoption will not have a material impact on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. ASU 2016-13 replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses. The update is intended to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The new standard is effective for fiscal years beginning after December 15, 2019 (i.e. a January 1, 2020 effective date), with early adoption permitted for fiscal years beginning after December 15, 2018. We are evaluating the effect the guidance will have on our consolidated financial statements.

In February 2016, the FASB issued its new lease accounting guidance in ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize for all leases (with the exception of short-term leases) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years (i.e. a January 1, 2019 effective date). In July 2018, the FASB issued ASU No. 2018-10, Codification Improvements to Topic 842, Leases to make technical corrections and clarify the application of the new lease standard. We are utilizing the amendments to ASC 842 in our implementation of the new lease standard. When implemented, we will be required to recognize and measure leases using a modified retrospective approach, with optional practical expedients. We have established an overall project plan to support the implementation of the new lease standard. As part of our impact assessment, we have performed a scoping exercise and determined our current lease population. We continue to update this population as new leases are entered or modified and reassess the impact, accordingly. A framework for the embedded lease identification process has been developed and we are currently evaluating non-lease contracts for embedded lease considerations. Additionally, we are implementing a lease accounting software to assist in the quantification of the expected impact on the consolidated balance sheets and to facilitate the calculations of the related accounting entries and disclosures. We are in the process of assessing any potential impacts on our internal controls, business processes, and accounting policies related to both the implementation and ongoing compliance of the new guidance. We are also in the process of developing our new footnote disclosures required under the new standard. We expect total assets and total liabilities will materially increase in the period of adoption.

Recently adopted accounting guidance

In May 2017, the FASB issued ASU No. 2017-09, Stock Compensation - Scope of Modification Accounting. This ASU provides guidance on which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718. The new standard is effective for fiscal years beginning after December 15, 2017 (i.e. a January 1, 2018 effective date). We adopted this standard beginning in 2018. We will apply the new guidance for any non-substantive changes in our share-based awards in future periods. There was no impact to our consolidated financial statements upon adoption.

In March 2017, the FASB issued ASU No. 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. This ASU provides requirements for the presentation and disclosure of net benefit cost on the financial statements. The service cost component of net benefit cost is required to be presented in the i