

VALMONT INDUSTRIES INC
Form 10-Q
October 29, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended September 25, 2010

Or

☐ **TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-31429

Valmont Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

47-0351813

(I.R.S. Employer
Identification No.)

**One Valmont Plaza,
Omaha, Nebraska**

(Address of principal executive offices)

68154-5215

(Zip Code)

402-963-1000

(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 ☐

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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 smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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 ☒

26,350,190

Outstanding shares of common stock as of October 25, 2010

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 25, 2010	September 26, 2009	September 25, 2010	September 26, 2009
Net sales	\$ 527,831	\$ 434,010	\$ 1,376,792	\$ 1,387,974
Cost of sales	395,310	297,652	1,014,895	978,619
Gross profit	132,521	136,358	361,897	409,355
Selling, general and administrative expenses	85,378	73,625	245,803	218,887
Operating income	47,143	62,733	116,094	190,468
Other income (expenses):				
Interest expense	(8,487)	(3,587)	(22,878)	(11,847)
Interest income	1,733	370	3,181	986
Other	58	2,106	28	1,916
	(6,696)	(1,111)	(19,669)	(8,945)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	40,447	61,622	96,425	181,523
Income tax expense (benefit):				
Current	15,694	22,779	39,652	54,345
Deferred	(1,914)	(2,441)	(4,744)	5,299
	13,780	20,338	34,908	59,644
Earnings before equity in earnings of nonconsolidated subsidiaries	26,667	41,284	61,517	121,879
Equity in earnings of nonconsolidated subsidiaries	1,068	84	1,987	579
Net earnings	27,735	41,368	63,504	122,458
Less: Earnings attributable to noncontrolling interests	(1,800)	(894)	(3,991)	(1,890)
Net earnings attributable to Valmont Industries, Inc.	\$ 25,935	\$ 40,474	\$ 59,513	\$ 120,568
Earnings per share attributable to Valmont Industries, Inc. Basic	\$ 0.99	\$ 1.56	\$ 2.28	\$ 4.65
Earnings per share attributable to Valmont Industries, Inc. Diluted	\$ 0.98	\$ 1.53	\$ 2.25	\$ 4.59
Cash dividends per share	\$ 0.165	\$ 0.150	\$ 0.480	\$ 0.430

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Weighted average number of shares of common stock outstanding Basic (000 omitted)	26,133	25,963	26,084	25,936
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Weighted average number of shares of common stock outstanding Diluted (000 omitted)	26,404	26,402	26,420	26,257
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See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	September 25, 2010	December 26, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 323,150	\$ 180,786
Receivables, net	400,683	259,521
Inventories	296,335	210,611
Prepaid expenses and other current assets	29,731	22,143
Refundable and deferred income taxes	35,576	42,361
Total current assets	1,085,475	715,422
Property, plant and equipment, at cost	858,051	675,446
Less accumulated depreciation and amortization	(423,595)	(392,358)
Net property, plant and equipment	434,456	283,088
Goodwill	294,111	178,320
Other intangible assets, net	190,595	96,378
Other assets	54,733	28,961
Total assets	\$ 2,059,370	\$ 1,302,169

**LIABILITIES AND
SHAREHOLDERS'
EQUITY**

Current liabilities:		
Current installments of long-term debt	\$ 243	\$ 231
Notes payable to banks	14,449	11,900
Accounts payable	179,131	118,210
Accrued employee compensation and benefits	78,088	66,611
Accrued expenses	86,641	55,921
Dividends payable	4,348	3,944
Total current liabilities	362,900	256,817
Deferred income taxes	82,932	49,281
Long-term debt, excluding current installments	482,932	160,251
Defined benefit pension liability	124,663	
Deferred compensation	23,455	19,013

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Other noncurrent liabilities	45,904	8,500
Shareholders' equity:		
Preferred stock		
Authorized 500,000 shares; none issued		
Common stock of \$1 par value		
Authorized 75,000,000 shares; 27,900,000 issued	27,900	27,900
Retained earnings	817,117	767,398
Accumulated other comprehensive income (loss)	24,456	16,953
Treasury stock	(25,382)	(25,990)
 Total Valmont Industries, Inc. shareholders' equity	 844,091	 786,261
Noncontrolling interest in consolidated subsidiaries	92,493	22,046
 Total shareholders' equity	 936,584	 808,307
 Total liabilities and shareholders' equity	 \$ 2,059,370	 \$ 1,302,169

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Thirty-nine Weeks Ended	
	September 25, 2010	September 26, 2009
Cash flows from operating activities:		
Net earnings	\$ 63,504	\$ 122,458
Adjustments to reconcile net earnings to net cash flow from operations:		
Depreciation and amortization	41,829	33,639
Stock-based compensation	4,712	4,814
Loss on sales of property, plant and equipment	1,513	807
Equity in earnings of nonconsolidated subsidiaries	(1,987)	(579)
Deferred income taxes	(4,744)	