

VALMONT INDUSTRIES INC
Form 10-Q
November 03, 2008

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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 27, 2008

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

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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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

26,151,080

Outstanding shares of common stock as of October 20, 2008

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
INDEX TO FORM 10-Q

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements:	
Condensed Consolidated Statements of Operations for the thirteen and thirty-nine weeks ended September 27, 2008 and September 29, 2007	3
Condensed Consolidated Balance Sheets as of September 27, 2008 and December 29, 2007	4
Condensed Consolidated Statements of Cash Flows for the thirty-nine weeks ended September 27, 2008 and September 29, 2007	5
Notes to Condensed Consolidated Financial Statements	6-24
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	25-33
Item 3. Quantitative and Qualitative Disclosure About Market Risk	34
Item 4. Controls and Procedures	34
PART II. OTHER INFORMATION	
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 5. Other Information	35
Item 6. Exhibits	35
Signatures	36

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	
	Sept. 27, 2008	Sept. 29, 2007	Sept. 27, 2008	Sept. 29, 2007
Net sales	\$494,801	\$372,033	\$1,414,216	\$1,114,972
Cost of sales	359,802	274,461	1,026,206	819,719
Gross profit	134,999	97,572	388,010	295,253
Selling, general and administrative expenses	73,103	59,858	212,278	179,573
Operating income	61,896	37,714	175,732	115,680
Other income (expense):				
Interest expense	(4,264)	(4,470)	(13,446)	(13,159)
Interest income	382	666	1,880	1,796
Miscellaneous	(376)	(319)	(2,234)	(342)
	(4,258)	(4,123)	(13,800)	(11,705)
Earnings before income taxes, minority interest and equity in earnings of nonconsolidated subsidiaries	57,638	33,591	161,932	103,975
Income tax expense (benefit):				
Current	24,089	8,506	65,625	30,857
Deferred	(4,501)	(1,070)	(10,435)	553
	19,588	7,436	55,190	31,410
Earnings before minority interest and equity in earnings of nonconsolidated subsidiaries	38,050	26,155	106,742	72,565
Minority interest	(1,478)	(700)	(3,164)	(1,355)
Equity in earnings of nonconsolidated subsidiaries	412	438	369	372
Net earnings	\$ 36,984	\$ 25,893	\$ 103,947	\$ 71,582
Earnings per share Basic	\$ 1.43	\$ 1.01	\$ 4.03	\$ 2.81
Earnings per share Diluted	\$ 1.40	\$ 0.99	\$ 3.95	\$ 2.74
Cash dividends per share	\$ 0.130	\$ 0.105	\$ 0.365	\$ 0.305
Weighted average number of shares of common stock outstanding (000 omitted)	25,864	25,570	25,793	25,500
Weighted average number of shares of common stock outstanding plus dilutive potential common shares (000 omitted)	26,362	26,207	26,321	26,096

See accompanying notes to condensed consolidated financial statements.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	September 27, 2008	December 29, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 68,095	\$ 106,532
Receivables, net	318,723	254,472
Inventories	313,600	219,993
Prepaid expenses	19,612	17,734
Refundable and deferred income taxes	32,223	22,866
Total current assets	752,253	621,597
Property, plant and equipment, at cost	631,730	582,015
Less accumulated depreciation and amortization	366,520	349,331
Net property, plant and equipment	265,210	232,684
Goodwill	168,587	116,132
Other intangible assets, net	94,325	58,343
Other assets	22,518	23,857
Total assets	\$ 1,302,893	\$ 1,052,613
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 2,341	\$ 22,510
Notes payable to banks	28,234	15,005
Accounts payable	177,102	128,599
Accrued expenses	60,299	37,957
Accrued employee compensation and benefits	70,200	64,241
Dividends payable	3,399	2,724
Total current liabilities	341,575	271,036
Deferred income taxes	37,879	35,547
Long-term debt, excluding current installments	265,086	200,738
Other noncurrent liabilities	24,147	24,306
Minority interest in consolidated subsidiaries	19,710	10,373
Shareholders' equity:		
Preferred stock of \$1 par value Authorized 500,000 shares; none issued		
Common stock of \$1 par value Authorized 75,000,000 shares; issued 27,900,000 shares	27,900	27,900
Retained earnings	597,674	496,388
Accumulated other comprehensive income	16,340	16,996
Treasury stock	(27,418)	(30,671)
Total shareholders' equity	614,496	510,613
Total liabilities and shareholders' equity	\$ 1,302,893	\$ 1,052,613

See accompanying notes to condensed consolidated financial statements.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Thirty-nine Weeks Ended	
	Sept. 27, 2008	Sept. 29, 2007
Cash flows from operating activities:		
Net earnings	\$ 103,947	\$ 71,582
Adjustments to reconcile net earnings to net cash flows from operating activities:		
Depreciation and amortization	29,081	25,736
Stock-based compensation	3,869	2,694
Loss/(gain) on sale of assets	(377)	819
Equity in earnings of nonconsolidated subsidiaries	(369)	(372)
Minority interest	3,164	1,355
Deferred income taxes	(10,435)	553
Other adjustments	(840)	694
Payment of deferred compensation	(589)	(9,186)
Changes in assets and liabilities, net of business acquisitions:		
Receivables	(49,109)	(44,662)
Inventories	(78,663)	(11,147)
Prepaid expenses	(28)	(1,650)
Accounts payable	34,510	7,582
Accrued expenses	24,152	16,715
Other noncurrent liabilities	(1,430)	(879)
Income taxes payable/refundable	10,111	(4,600)
Net cash flows from operating activities	66,994	55,234
Cash flows from investing activities:		
Purchase of property, plant & equipment	(38,924)	(42,901)
Proceeds from sale of assets	3,133	9,371
Acquisitions, net of cash acquired	(119,044)	(16,163)
Dividends to minority interests	(184)	(715)
Other, net	(598)	(1,417)
Net cash flows from investing activities	(155,617)	(51,825)
Cash flows from financing activities:		
Net borrowings under short-term agreements	10,395	1,624
Proceeds from long-term borrowings	80,895	12,463
Principal payments on long-term obligations	(38,787)	(12,147)
Dividends paid	(8,852)	(7,588)
Proceeds from exercises under stock plans	6,689	6,287
Excess tax benefits from stock option exercises	7,117	5,541
Purchase of common treasury shares stock plan exercises	(7,895)	(6,244)
Net cash flows from financing activities	49,562	(64)