

VALMONT INDUSTRIES INC
Form 10-Q
July 31, 2009

Table of Contents

**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 **June 27, 2009**

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

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

subject to such filing requirements for the past 90 days. Yes No

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

26,265,839

Outstanding shares of common stock as of July 21, 2009

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

INDEX TO FORM 10-Q

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements:	
<u>Condensed Consolidated Statements of Operations for the thirteen and twenty-six weeks ended June 27, 2009 and June 28, 2008</u>	3
<u>Condensed Consolidated Balance Sheets as of June 27, 2009 and December 27, 2008</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the twenty-six weeks ended June 27, 2009 and June 28, 2008</u>	5
<u>Condensed Consolidated Statements of Shareholders' Equity for the twenty-six weeks ended June 27, 2009 and June 28, 2008</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7-24
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25-33
Item 3. <u>Quantitative and Qualitative Disclosure About Market Risk</u>	33
Item 4. <u>Controls and Procedures</u>	33
PART II. OTHER INFORMATION	
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
Item 5. <u>Other Information</u>	34
Item 6. <u>Exhibits</u>	34
Signatures	35

[Table of Contents](#)

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		Twenty-Six Weeks Ended	
	June 27, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Net sales	\$498,810	\$497,129	\$953,964	\$919,415
Cost of sales	354,129	359,926	680,967	666,404
Gross profit	144,681	137,203	272,997	253,011
Selling, general and administrative expenses	75,265	73,833	145,262	139,175
Operating income	69,416	63,370	127,735	113,836
Other income (expenses):				
Interest expense	(3,976)	(4,708)	(8,260)	(9,182)
Interest income	284	877	616	1,498
Miscellaneous	1,608	(515)	(190)	(1,858)
	(2,084)	(4,346)	(7,834)	(9,542)
Earnings before income taxes and equity in earnings (losses) of nonconsolidated subsidiaries	67,332	59,024	119,901	104,294
Income tax expense (benefit):				
Current	19,266	24,875	31,566	41,536
Deferred	2,785	(4,327)	7,740	(5,934)
	22,051	20,548	39,306	35,602
Earnings before equity in earnings (losses) of nonconsolidated subsidiaries	45,281	38,476	80,595	68,692
Equity in earnings (losses) of nonconsolidated subsidiaries	(71)	31	495	(43)
Net earnings	45,210	38,507	81,090	68,649
Less: Earnings attributable to noncontrolling interests	(980)	(1,223)	(996)	(1,686)
Net earnings attributable to Valmont Industries, Inc.	\$ 44,230	\$ 37,264	\$ 80,094	\$ 66,963
Earnings per share attributable to Valmont Industries, Inc. Basic	\$ 1.70	\$ 1.44	\$ 3.09	\$ 2.60
Earnings per share attributable to Valmont Industries Inc. Diluted	\$ 1.69	\$ 1.41	\$ 3.05	\$ 2.55

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Cash dividends per share	\$ 0.150	\$ 0.130	\$ 0.280	\$ 0.235
Weighted average number of shares of common stock outstanding Basic (000 omitted)	25,943	25,823	25,928	25,763
Weighted average number of shares of common stock outstanding Diluted (000 omitted)	26,223	26,377	26,224	26,306

See accompanying notes to condensed consolidated financial statements.

Table of Contents**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Dollars in thousands)****(Unaudited)**

	June 27, 2009	December 27, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 96,262	\$ 68,567
Receivables, net	336,168	327,620
Inventories	251,621	313,411
Prepaid expenses	24,824	13,821
Refundable and deferred income taxes	28,444	32,380
Total current assets	737,319	755,799
Property, plant and equipment, at cost	654,271	630,410
Less accumulated depreciation and amortization	376,385	361,090
Net property, plant and equipment	277,886	269,320
Goodwill	177,158	175,291
Other intangible assets, net	101,713	104,506
Other assets	25,365	21,372
Total assets	\$1,319,441	\$ 1,326,288
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 1,043	\$ 904
Notes payable to banks	17,634	19,552
Accounts payable	129,662	136,868
Accrued employee compensation and benefits	53,686	70,158
Accrued expenses	53,673	49,700
Dividends payable	3,940	3,402
Total current liabilities	259,638	280,584
Deferred income taxes	44,833	45,124
Long-term debt, excluding current installments	258,418	337,128
Other noncurrent liabilities	24,908	22,476
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; 27,900,000 issued	27,900	27,900
Retained earnings	701,714	624,254
Accumulated other comprehensive income	9,711	(533)
Treasury stock	(26,352)	(27,490)
Total Valmont Industries, Inc. shareholders' equity	712,973	624,131

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Noncontrolling interest in consolidated subsidiaries	18,671	16,845
Total shareholders' equity	731,644	640,976
Total liabilities and shareholders' equity	\$ 1,319,441	\$ 1,326,288

See accompanying notes to condensed consolidated financial statements.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	Twenty-Six Weeks Ended	
	June 27, 2009	June 28, 2008
Cash flows from operating activities:		
Net earnings	\$ 81,090	\$ 68,649
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	21,710	19,115
Stock-based compensation	2,993	2,630
Loss/(gain) on sale of property, plant and equipment	345	(646)
Equity in (earnings)/losses in nonconsolidated subsidiaries	(495)	43
Deferred income taxes	7,740	(5,934)
Other	(239)	189
Payment of deferred compensation		(589)
Changes in assets and liabilities, net of business acquisitions:		
Receivables	(5,356)	(34,839)
Inventories	65,061	(18,519)
Prepaid expenses	(10,369)	(6,270)
Accounts payable	(6,923)	21,510
Accrued expenses	(13,234)	4,048
Other noncurrent liabilities	(993)	(1,067)
Income taxes payable	(5,732)	1,151
Net cash flows from operating activities	135,598	49,471
Cash flows from investing activities:		
Purchase of property, plant & equipment	(24,550)	(25,388)
Proceeds from sale of assets	74	3,058
Acquisitions, net of cash acquired		(90,225)
Dividends to noncontrolling interests	(289)	(184)
Other, net	(68)	(1,100)
Net cash flows from investing activities	(24,833)	(113,839)
Cash flows from financing activities:		
Net borrowings under short-term agreements	(1,917)	2,749
Proceeds from long-term borrowings	10,001	50,895
Principal payments on long-term obligations	(88,628)	(32,985)
Dividends paid	(6,813)	(5,454)
Proceeds from exercises under stock plans	3,126	6,627
Excess tax benefits from stock option exercises	1,446	6,850
Purchase of common treasury shares stock plan exercises	(2,146)	(7,744)
Net cash flows from financing activities	(84,931)	20,938
Effect of exchange rate changes on cash and cash equivalents	1,861	1,733
Net change in cash and cash equivalents	27,695	(41,697)

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Cash and cash equivalents beginning of year	68,567	106,532
Cash and cash equivalents end of period	\$ 96,262	\$ 64,835

See accompanying notes to condensed consolidated financial statements.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

(Unaudited)

	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Noncontrolling interest in consolidated subsidiaries	Total shareholders' equity
Balance at December 29, 2007	\$ 27,900	\$	\$ 496,388	\$ 16,996	\$ (30,671)	\$ 10,373	\$ 520,986
Comprehensive income:							
Net earnings			66,963			1,686	68,649
Currency translation adjustment				10,482		2,903	13,385
Total comprehensive income							82,034
Cash dividends (\$0.235 per share)			(6,127)				(6,127)
Stock plan exercises; 62,928 shares purchased					(7,744)		(7,744)
Stock options exercised; 186,119 shares issued		(9,854)	5,966		10,515		6,627
Tax benefit from exercise of stock options		6,850					6,850
Stock option expense		1,488					1,488
Stock awards; 13,025 shares issued		1,516					1,516
Balance at June 28, 2008	\$ 27,900	\$	\$ 563,190	\$ 27,478	\$ (27,900)	\$ 14,962	\$ 605,630
Balance at December 27, 2008	\$ 27,900	\$	\$ 624,254	\$ (533)	\$ (27,490)	\$ 16,845	\$ 640,976
Comprehensive income:							
Net earnings			80,094			996	81,090
Currency translation adjustment				10,244		830	11,074
Total comprehensive income							92,164
Cash dividends (\$0.28 per share)			(7,351)				(7,351)
Stock plan exercises; 121,345 shares issued		(4,439)	4,717		2,848		3,126
Stock plan exercises; 33,481 shares purchased					(2,146)		(2,146)
Tax benefit from exercise of stock options		1,446					1,446
Stock option expense		2,040					2,040
Stock awards; 9,746 shares issued		953			436		1,389

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Balance at June 27, 2009 \$ 27,900 \$ \$ 701,714 \$ 9,711 \$ (26,352) \$ 18,671 \$ 731,644

See accompanying notes to condensed consolidated financial statements.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies

Condensed Consolidated Financial Statements

The Condensed Consolidated Balance Sheet as of June 27, 2009, the Condensed Consolidated Statements of Operations for the thirteen and twenty-six week periods ended June 27, 2009 and June 28, 2008, the Condensed Consolidated Statements of Cash Flows and the Condensed Consolidated Statements of Shareholders' Equity for the twenty-six week periods then ended have been prepared by the Company, without audit. In the opinion of management, all necessary adjustments (which include normal recurring adjustments) have been made to present fairly the financial statements as of June 27, 2009 and for all periods presented. Information related to noncontrolling interest in consolidated subsidiaries for 2008 has been reclassified to conform to the 2009 presentation, as required under SFAS 160, *Noncontrolling Interests in Consolidated Financial Statements*, which was adopted effective December 28, 2008, the beginning of the Company's 2009 fiscal year. The effect of SFAS 160 was to classify noncontrolling interests on the condensed consolidated balance sheets as equity and to reclassify the related earnings in the condensed consolidated statements of operations for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2008. The accounting policies and methods of computation followed in these interim financial statements are the same as those followed in the financial statements for the year ended December 27, 2008. The results of operations for the period ended June 27, 2009 are not necessarily indicative of the operating results for the full year.

Inventories

At June 27, 2009, approximately 48.4% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market. Finished goods and manufactured goods inventories include the costs of acquired raw materials and related factory labor and overhead charges required to convert raw materials to manufactured finished goods. The excess of replacement cost of inventories over the LIFO value was approximately \$42,200 and \$58,200 at June 27, 2009 and December 27, 2008, respectively.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

Inventories consisted of the following:

	June 28, 2009	December 27, 2008
Raw materials and purchased parts	\$ 157,463	\$ 207,011
Work-in-process	22,595	28,925
Finished goods and manufactured goods	113,792	135,671
Subtotal	293,850	371,607
LIFO reserve	42,229	58,196
Net inventory	\$ 251,621	\$ 313,411

In the first half of 2009, the Company reduced its inventory quantities, thereby liquidating a portion of its LIFO inventories acquired in prior years. The result of this liquidation was an increase in operating income of \$2,843 for the thirteen and twenty-six week periods ended June 27, 2009.

Stock Plans

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Compensation Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of common stock. At June 27, 2009, 1,348,800 shares of common stock remained available for issuance under the plans. Shares and options issued and available are subject to changes in capitalization.

Under the plans, the exercise price of each option equals the market price at the date of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant. Expiration of grants is from six to ten years from the date of grant. The Company's compensation expense (included in selling, general and administrative expenses) and associated income tax benefits related to stock option for the thirteen and twenty-six weeks ended June 27, 2009 and June 28, 2008, respectively, were as follows:

	Thirteen Weeks Ended June 27, 2009	Thirteen Weeks Ended June 28, 2008	Twenty-six Weeks Ended June 27, 2009	Twenty-six Weeks Ended June 28, 2008
Compensation expense	\$ 1,020	\$ 752	\$ 2,040	\$ 1,488
Income tax benefits	393	288	785	572

Fair Value

The Company applies the provisions of SFAS No. 157, *Fair Value Measurements* ("SFAS 157") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of SFAS 157 apply to other accounting pronouncements that require or permit fair value measurements. As defined in SFAS 157, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

SFAS 157 establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refers broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Trading Securities: The assets and liabilities recorded for the investments held in the Valmont Deferred Compensation Plan represent mutual funds, invested in debt and equity securities, classified as trading securities in accordance with Financial Accounting Standard No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, considering the employee's ability to change investment allocation of their deferred compensation at any time. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input.

	Carrying Value June 27, 2009	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	\$ 13,912	\$ 13,912	\$	\$

	Carrying Value December 27, 2008	Fair Value Measurement Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Trading Securities	\$ 10,488	\$ 10,488	\$	\$

Subsequent Events

The Company implemented SFAS No. 165, *Subsequent Events*, in the second quarter of 2009. In accordance with this pronouncement, the Company has evaluated subsequent events through July 31, 2009. The Company incorporated into the condensed consolidated financial

statements presented

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

1. Summary of Significant Accounting Policies (Continued)

herein all subsequent events requiring recognition as of June 27, 2009 and has not identified any subsequent events that require disclosure.

Recently Issued Accounting Pronouncements

In June 2009, the FASB issued Statement No. 166, *Accounting for Transfers of Financial Assets* ("FAS 166"). FAS 166 is effective for the Company beginning December 27, 2009. FAS 166 modifies the accounting and disclosure requirements regarding transfers of financial assets, including securitization transactions, and where companies have continuing exposure to the risks related to transferred financial assets. The statement eliminates the concept of a "qualifying special-purpose entity", changes the requirements for derecognizing financial assets and requires additional disclosures about transfers of financial assets. The Company does not expect FAS 166 to have a material impact on its financial statements.

In June 2009, the FASB issued Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles - a replacement of FASB Statement No. 162* ("FAS 168"). The Codification will become the source of authoritative GAAP recognized by the FASB to be applied by nongovernmental entities. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. On the effective date of FAS 168, the Codification will supersede all then-existing non-SEC accounting and reporting standards. All other non-grandfathered non-SEC accounting literature not included in the Codification will become non-authoritative. FAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. FAS 168 is not expected to have a material impact on the Company's financial statements.

2. Acquisitions

In the first quarter of 2008, the Company acquired substantially all of the assets of Penn Summit LLC (Penn Summit), a manufacturer of steel utility and wireless communication poles located in Hazelton, Pennsylvania and 70% of the outstanding shares of West Coast Engineering Group, Ltd. (West Coast), a Canadian and U.S. manufacturer of steel and aluminum structures for the lighting, transportation and wireless communication industries headquartered in Delta, British Columbia for an aggregate amount of \$90,225.

In July 2008, the Company acquired the assets of Site Pro 1, Inc. (Site Pro), a company that distributes wireless communication components for the U.S. market. In November 2008, the Company acquired all of the outstanding shares of Stainton Metals Co., Ltd. (Stainton), an English manufacturer of steel structures for the lighting, transportation and wireless communication industries headquartered in Stockton-on-Tees, England. In addition, the Company acquired the assets of a provider of materials analysis, testing and inspection services, formed a 51% owned joint venture in Turkey with a Turkish company to manufacture and sell pole structures and acquired the assets of a galvanizing operation located near Louisville, Kentucky in 2008.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

2. Acquisitions (Continued)

The purchase price allocation on the Stainton acquisition was not completed as of June 27, 2009, as the Company is in the process of evaluating the fair value of certain leased assets. The Company expects to complete the purchase price allocation for this acquisition in the third quarter of 2009.

The Company's pro forma results of operations for the thirteen and twenty-six weeks ended June 28, 2008, assuming that these acquisitions occurred at the beginning of fiscal 2008 were as follows:

	Thirteen Weeks Ended June 28, 2008	Twenty-six Weeks Ended June 28, 2008
Net sales	\$ 515,312	\$ 955,545
Net earnings attributable to Valmont Industries, Inc.	38,160	69,469
Earnings per share diluted	\$ 1.45	\$ 2.61

3. Goodwill and Intangible Assets

The Company's annual impairment testing of goodwill and intangible assets was performed during the third quarter of fiscal 2008. As a result of that testing, it was determined the goodwill and other intangible assets on the Company's Consolidated Balance Sheet were not impaired. The Company continues to monitor changes in the global economy that could impact future operating results of its reporting units and related components.

Amortized Intangible Assets

The components of amortized intangible assets at June 27, 2009 and December 27, 2008 were as follows:

	As of June 27, 2009		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 98,348	\$ 23,382	14 years
Proprietary Software & Database	2,609	2,363	6 years
Patents & Proprietary Technology	3,427	1,090	13 years
Non-compete Agreements	1,696	701	6 years
	\$ 106,080	\$ 27,536	

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

3. Goodwill and Intangible Assets (Continued)

	As of December 27, 2008		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 97,202	\$ 19,560	14 years
Proprietary Software & Database	2,609	2,295	6 years
Patents & Proprietary Technology	3,427	929	13 years
Non-compete Agreements	1,696	548	7 years
	\$ 104,934	\$ 23,332	

Amortization expense for intangible assets for the thirteen and twenty-six weeks ended June 27, 2009 and June 28, 2008, respectively was as follows:

	Thirteen Weeks Ended June 27, 2009	Thirteen Weeks Ended June 28, 2008	Twenty-six Weeks Ended June 27, 2009	Twenty-six Weeks Ended June 28, 2008
	\$ 2,070	\$ 1,447	\$ 4,115	\$ 2,832

Estimated future amortization expense related to amortized intangible assets is as follows:

	Estimated Amortization Expense
2009	\$ 8,253
2010	8,266
2011	8,118
2012	8,034
2013	7,136

The useful lives assigned to finite-lived intangible assets included consideration of factors such as the Company's past and expected experience related to customer retention rates, the remaining legal or contractual life of the underlying arrangement that resulted in the recognition of the intangible asset and the Company's expected use of the intangible asset.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

3. Goodwill and Intangible Assets (Continued)*Non-amortized intangible assets*

Under the provisions of SFAS 142, intangible assets with indefinite lives are not amortized. The carrying values of trade names at June 27, 2009 and December 27, 2008 were as follows:

	June 27, 2009	December 27, 2008
PiRod	\$ 4,750	\$ 4,750
Newmark	11,111	11,111
Tehomet	1,316	1,316
West Coast	2,148	2,030
Site Pro	1,800	1,800
Stainton	1,401	1,254
Other	643	643
	\$ 23,169	\$ 22,904

The PiRod, Newmark and Tehomet trade names were tested for impairment separately from goodwill in the third quarter of 2008. The values of the trade names were determined using the relief-from-royalty method. Based on this evaluation, the Company determined that its trade names were not impaired.

In its determination of these intangible assets as indefinite-lived, the Company considered such factors as its expected future use of the intangible asset, legal, regulatory, technological and competitive factors that may impact the useful life or value of the intangible asset and the expected costs to maintain the value of the intangible asset. The Company expects that these intangible assets will maintain their value indefinitely. Accordingly, these assets are not amortized.

Goodwill

The carrying amount of goodwill as of June 27, 2009 was as follows:

	Engineered Support Structures Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Total
Balance December 27, 2008	\$ 52,324	\$ 77,141	\$ 43,777	\$ 2,049	\$ 175,291
Foreign currency translation	1,852			15	1,867
Balance June 27, 2009	\$ 54,176	\$ 77,141	\$ 43,777	\$ 2,064	\$ 177,158

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

4. Cash Flows

The Company considers all highly liquid temporary cash investments purchased with a maturity of three months or less to be cash equivalents. Cash payments for interest and income taxes (net of refunds) for the twenty-six weeks ended were as follows:

	June 27, 2009	June 28, 2008
Interest	\$ 8,759	\$ 9,572
Income taxes	34,550	38,742

5. Earnings Per Share

The following table reconciles Basic and Diluted earnings per share (EPS):

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
Thirteen weeks ended June 27, 2009:			
Net earnings attributable to Valmont Industries, Inc.	\$44,230		\$ 44,230
Shares outstanding	25,943	280	26,223
Per share amount	\$ 1.70	(.01)	\$ 1.69
Thirteen weeks ended June 28, 2008:			
Net earnings attributable to Valmont Industries, Inc.	\$37,264		\$ 37,264
Shares outstanding	25,823	554	26,377
Per share amount	\$ 1.44	(.03)	\$ 1.41
Twenty-six weeks ended June 27, 2009:			
Net earnings attributable to Valmont Industries, Inc.	\$80,094		\$ 80,094
Shares outstanding	25,928	296	26,224
Per share amount	\$ 3.09	(.04)	\$ 3.05
Twenty-six weeks ended June 28, 2008:			
Net earnings attributable to Valmont Industries, Inc.	\$66,963		\$ 66,963
Shares outstanding	25,763	543	26,306
Per share amount	\$ 2.60	(.05)	\$ 2.55

At June 27, 2009 there were 188,127 of outstanding stock options with exercise prices exceeding the market price of common stock that were therefore excluded from the computation of fully diluted shares earnings per share for the thirteen and twenty six weeks ended June 27, 2009. At June 28, 2008, there were no outstanding stock options with exercise prices exceeding the market price of common stock. Therefore, there were no shares contingently issuable upon exercise of stock options excluded from the computation of diluted earnings per share for the thirteen and twenty six weeks ended June 28, 2008.

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

6. Comprehensive Income

Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and liabilities are translated at the exchange rates in effect on the balance sheet dates. Currency translation adjustment is the Company's only component of accumulated other comprehensive income. The Company's total comprehensive income attributable to the Company for the thirteen and twenty-six weeks ended June 27, 2009 and June 28, 2008, respectively, were as follows:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 27, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Net earnings attributable to Valmont Industries, Inc.	\$44,230	\$37,264	\$80,094	\$66,963
Currency translation adjustment	12,815	4,625	10,244	10,482
Total comprehensive income attributable to Valmont Industries, Inc.	\$57,045	\$41,889	\$90,338	\$77,445

7. Business Segments

The Company aggregates its operating segments into four reportable segments. Aggregation is based on similarity of operating segments as to economic characteristics, products, production processes, types or classes of customer and the methods of distribution. Net corporate expense is net of certain service-related expenses that are allocated to business units generally based on employee headcounts and sales dollars.

Reportable segments are as follows:

ENGINEERED SUPPORT STRUCTURES: This segment consists of the manufacture of engineered metal structures and components for the lighting and traffic and wireless communication industries, certain international utility industries and for other specialty applications;

UTILITY SUPPORT STRUCTURES: This segment consists of the manufacture of engineered steel and concrete structures primarily for the North American utility industry;

COATINGS: This segment consists of galvanizing, anodizing and powder coating services; and

IRRIGATION: This segment consists of the manufacture of agricultural irrigation equipment and related parts and services.

In addition to these four reportable segments, the Company has other businesses that individually are not more than 10% of consolidated sales. These businesses, which include the manufacture of tubular products and the distribution of industrial fasteners, are reported in the "Other" category.

The accounting policies of the reportable segments are the same as those described in Note 1. The Company evaluates the performance of its business segments based upon operating income and

[Table of Contents](#)

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

7. Business Segments (Continued)

invested capital. The Company does not allocate interest expense, non-operating income and deductions, or income taxes to its business segments.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 27, 2009	June 28, 2008	June 27, 2009	June 28, 2008
Sales:				
Engineered Support Structures segment:				
Lighting & Traffic	\$ 129,184	\$ 146,769	\$ 248,662	\$ 262,749
Specialty	34,895	34,276	67,828	59,568
Utility	18,463	9,914	24,439	18,080
Engineered Support Structures segment	182,542	190,959	340,929	340,397
Utility Support Structures segment				
Steel	156,499	80,186	297,317	159,692
Concrete	42,646	21,116	77,889	42,780
Utility Support Structures segment	199,145	101,302	375,206	202,472
Coatings segment	28,600	37,200	58,612	72,328
Irrigation segment	101,047	159,667	204,109	290,445
Other	17,693	30,802	37,303	56,251
Total	529,027	519,930	1,016,159	961,893
Intersegment Sales:				
Engineered Support Structures segment	20,361	6,813	40,779	12,800
Utility Support Structures segment	528	1,433	1,086	2,114
Coatings segment	6,188	7,181	12,331	14,862
Irrigation segment	9	4	14	13
Other	3,131	7,370	7,985	12,689
Total	30,217	22,801	62,195	42,478
Net Sales:				
Engineered Support Structures segment	162,181	184,146	300,150	327,597
Utility Support Structures segment	198,617	99,869	374,120	200,358
Coatings segment	22,412	30,019	46,281	57,466
Irrigation segment	101,038	159,663	204,095	290,432
Other	14,562	23,432	29,318	43,562
Total	\$ 498,810	\$ 497,129	\$ 953,964	\$ 919,415
Operating Income(Loss):				
Engineered Support Structures segment	\$ 14,046	\$ 18,073	\$ 22,115	\$ 28,155
Utility Support Structures segment	47,469	13,732	86,425	28,405
Coatings segment	6,393	9,085	12,384	15,631

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Irrigation segment	9,834	28,019	21,846	50,414
Other	3,401	5,288	6,875	9,700
Net corporate expense	(11,727)	(10,827)	(21,910)	(18,469)
Total	\$ 69,416	\$ 63,370	\$ 127,735	\$ 113,836

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information

On May 4, 2004, the Company completed a \$150,000,000 offering of 6⁷/₈% Senior Subordinated Notes. The Notes are guaranteed, jointly, severally, fully and unconditionally, on a senior subordinated basis by certain of the Company's current and future direct and indirect domestic subsidiaries (collectively the "Guarantors"), excluding its other current domestic and foreign subsidiaries which do not guarantee the debt (collectively referred to as the "Non-Guarantors"). All Guarantors are 100% owned by the parent company.

Condensed consolidated financial information for the Company ("Parent"), the Guarantor subsidiaries and the Non-Guarantor subsidiaries is as follows:

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the Thirteen Weeks Ended June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	\$254,326	\$ 136,506	\$ 146,577	\$ (38,599)	\$498,810
Cost of Sales	184,621	98,858	109,411	(38,761)	354,129
Gross profit	69,705	37,648	37,166	162	144,681
Selling, general and administrative expenses	39,405	14,243	21,617		75,265
Operating income	30,300	23,405	15,549	162	69,416
Other income (deductions):					
Interest expense	(3,709)	(6)	(261)		(3,976)
Interest income	22		262		284
Miscellaneous	1,248	40	320		1,608
	(2,439)	34	321		(2,084)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	27,861	23,439	15,870	162	67,332
Income tax expense:					
Current	7,373	8,171	3,722		19,266
Deferred	2,980	452	(647)		2,785
	10,353	8,623	3,075		22,051
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	17,508	14,816	12,795	162	45,281
Equity in earnings/(losses) of nonconsolidated subsidiaries	26,560			(26,631)	(71)

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Net earnings	44,068	14,816	12,795	(26,469)	45,210
Less: Earnings attributable to noncontrolling interests			(980)		(980)
Net Earnings attributable to Valmont Industries, Inc.	\$ 44,068	\$ 14,816	\$ 11,815	\$ (26,469)	\$ 44,230

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

For the Twenty-Six Weeks Ended June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	\$507,885	\$ 257,176	\$ 271,326	\$ (82,423)	\$953,964
Cost of Sales	370,372	190,291	204,066	(83,762)	680,967
Gross profit	137,513	66,885	67,260	1,339	272,997
Selling, general and administrative expenses	77,175	28,280	39,807		145,262
Operating income	60,338	38,605	27,453	1,339	127,735
Other income (deductions):					
Interest expense	(7,672)	(13)	(575)		(8,260)
Interest income	29	1	586		616
Miscellaneous	1,096	103	(1,389)		(190)
	(6,547)	91	(1,378)		(7,834)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	53,791	38,696	26,075	1,339	119,901
Income tax expense:					
Current	12,776	13,935	4,855		31,566
Deferred	6,611	331	798		7,740
	19,387	14,266	5,653		39,306
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	34,404	24,430	20,422	1,339	80,595
Equity in earnings/(losses) of nonconsolidated subsidiaries	44,351			(43,856)	495
Net earnings	78,755	24,430	20,422	(42,517)	81,090
Less: Earnings attributable to noncontrolling interests			(996)		(996)
Net Earnings attributable to Valmont Industries, Inc	\$ 78,755	\$ 24,430	\$ 19,426	\$ (42,517)	\$ 80,094

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

For the Thirteen Weeks Ended June 28, 2008

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	\$ 296,713	\$ 83,181	\$ 153,412	\$ (36,177)	\$ 497,129
Cost of Sales	220,723	62,956	112,107	(35,860)	359,926
Gross profit	75,990	20,225	41,305	(317)	137,203
Selling, general and administrative expenses	40,229	11,949	21,655		73,833
Operating income	35,761	8,276	19,650	(317)	63,370
Other income (deductions):					
Interest expense	(3,801)	(5)	(902)		(4,708)
Interest income	73	7	797		877
Miscellaneous	(114)	55	(456)		(515)
	(3,842)	57	(561)		(4,346)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	31,919	8,333	19,089	(317)	59,024
Income tax expense:					
Current	15,755	2,658	6,462		24,875
Deferred	(3,630)	413	(1,110)		(4,327)
	12,125	3,071	5,352		20,548
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	19,794	5,262	13,737	(317)	38,476
Equity in earnings/(losses) of nonconsolidated subsidiaries	17,787		33	(17,789)	31
Net earnings	37,581	5,262	13,770	(18,106)	38,507
Less: Earnings attributable to noncontrolling interests			(1,243)		(1,243)
Net Earnings attributable to Valmont Industries, Inc.	\$ 37,581	\$ 5,262	\$ 12,527	\$ (18,106)	\$ 37,264

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

For the Twenty-Six Weeks Ended June 28, 2008

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net Sales	\$548,420	\$ 162,920	\$ 269,826	\$ (61,751)	\$919,415
Cost of Sales	404,145	125,611	198,648	(62,000)	666,404
Gross profit	144,275	37,309	71,178	249	253,011
Selling, general and administrative expenses	75,773	23,065	40,337		139,175
Operating income	68,502	14,244	30,841	249	113,836
Other income (deductions):					
Interest expense	(7,679)	(11)	(1,492)		(9,182)
Interest income	153	19	1,326		1,498
Miscellaneous	(1,021)	102	(939)		(1,858)
	(8,547)	110	(1,105)		(9,542)
Earnings before income taxes, minority interest and equity in earnings/(losses) of nonconsolidated subsidiaries	59,955	14,354	29,736	249	104,294
Income tax expense:					
Current	27,571	4,784	9,181		41,536
Deferred	(5,293)	475	(1,116)		(5,934)
	22,278	5,259	8,065		35,602
Earnings before equity in earnings/(losses) of nonconsolidated subsidiaries	37,677	9,095	21,671	249	68,692
Equity in earnings/(losses) of nonconsolidated subsidiaries	29,037		39	(29,119)	(43)
Net earnings	66,714	9,095	21,710	(28,870)	68,649
Less: Earnings attributable to noncontrolling interests			(1,686)		(1,686)
Net Earnings attributable to Valmont Industries, Inc	\$ 66,714	\$ 9,095	\$ 20,024	\$ (28,870)	\$ 66,963

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 38,866	\$ 1,669	\$ 55,727	\$	\$ 96,262
Receivables, net	120,190	72,216	143,762		336,168
Inventories	98,660	53,538	99,423		251,621
Prepaid expenses	4,390	555	19,879		24,824
Refundable and deferred income taxes	14,757	6,136	7,551		28,444
Total current assets	276,863	134,114	326,342		737,319
Property, plant and equipment, at cost	397,344	93,316	163,611		654,271
Less accumulated depreciation and amortization	250,167	41,797	84,421		376,385
Net property, plant and equipment	147,177	51,519	79,190		277,886
Goodwill	20,108	107,542	49,508		177,158
Other intangible assets	1,066	77,324	23,323		101,713
Investment in subsidiaries and intercompany accounts	677,272	29,626	(28,765)	(678,133)	
Other assets	21,139		4,226		25,365
Total assets	\$ 1,143,625	\$ 400,125	\$ 453,824	\$ (678,133)	\$ 1,319,441
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 880	\$ 13	\$ 150	\$	\$ 1,043
Notes payable to banks		6	17,628		17,634
Accounts payable	51,954	16,311	61,397		129,662
Accrued expenses	56,404	11,828	39,127		107,359
Dividends payable	3,940				3,940
Total current liabilities	113,178	28,158	118,302		259,638
Deferred income taxes	13,448	22,874	8,511		44,833
Long-term debt, excluding current installments	247,004	16	11,398		258,418
Other noncurrent liabilities	21,128		3,780		24,908
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	14,248	3,494	(17,742)	27,900
Additional paid-in capital		181,542	139,577	(311,902)	
Retained earnings	747,319	153,287	140,380	(339,272)	701,714
			9,711		9,711

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Accumulated other comprehensive income						
Treasury stock	(26,352)					(26,352)
Total Valmont Industries, Inc. shareholders' equity	748,867	349,077	293,162	(668,916)		712,973
Noncontrolling interest in consolidated subsidiaries			18,671			18,671
Total shareholders' equity	748,867	349,077	311,833	(668,916)		731,644
Total liabilities and shareholders' equity	\$ 1,143,625	\$ 400,125	\$ 453,824	\$ (678,133)		\$ 1,319,441

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

December 27, 2008

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 18,989	\$ 1,503	\$ 48,075	\$	\$ 68,567
Receivables, net	114,510	61,625	151,485		327,620
Inventories	132,896	69,913	110,602		313,411
Prepaid expenses	3,362	639	9,820		13,821
Refundable and deferred income taxes	19,636	6,235	6,509		32,380
Total current assets	289,393	139,915	326,491		755,799
Property, plant and equipment, at cost	386,488	88,723	155,199		630,410
Less accumulated depreciation and amortization	243,153	38,903	79,034		361,090
Net property, plant and equipment	143,335	49,820	76,165		269,320
Goodwill	20,108	107,542	47,641		175,291
Other intangible assets	1,147	80,329	23,030		104,506
Investment in subsidiaries and intercompany accounts	679,653	2,722	(56,869)	(625,506)	
Other assets	17,584		3,788		21,372
Total assets	\$ 1,151,220	\$ 380,328	\$ 420,246	\$ (625,506)	\$ 1,326,288
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 852	\$ 16	\$ 36		\$ 904
Notes payable to banks		13	19,539		19,552
Accounts payable	52,891	19,812	64,165		138,868
Accrued expenses	62,958	13,175	43,725		119,858
Dividends payable	3,402				3,402
Total current liabilities	120,103	33,016	127,465		280,584
Deferred income taxes	14,558	22,642	7,924		45,124
Long-term debt, excluding current installments	335,537	23	1,568		337,128
Other noncurrent liabilities	19,524		2,952		22,476
Commitments and contingencies					
Shareholders' equity:					
Common stock of \$1 par value	27,900	14,248	3,494	(17,742)	27,900
Additional paid-in capital		181,542	139,577	(321,119)	
Retained earnings	661,088	128,857	120,954	(286,645)	624,254
Accumulated other comprehensive income			(533)		(533)

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Treasury stock		(27,490)				(27,490)
Total Valmont Industries, Inc. shareholders' equity	661,498	324,647	263,492	(625,506)		624,131
Noncontrolling interest in consolidated subsidiaries			16,845			16,845
Total shareholders' equity	661,498	324,647	280,337	(625,506)		640,976
Total liabilities and shareholders' equity	\$ 1,151,220	\$ 380,328	\$ 420,246	\$ (625,506)		\$ 1,326,288

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Twenty-Six Weeks Ended June 27, 2009

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:					
Net earnings	\$ 78,755	\$ 24,430	\$ 20,422	\$ (42,517)	\$ 81,090
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	9,241	6,326	6,143		21,710
Stock based compensation	2,993				2,993
(Gain)/ Loss on sale of property, plant and equipment	(11)	54	302		345
Equity in (earnings)/losses of nonconsolidated subsidiaries	(495)				(495)
Deferred income taxes	6,611	331	798		7,740
Other adjustments			(239)		(239)
Payment of deferred compensation					
Changes in assets and liabilities:					
Receivables	(5,683)	(10,591)	10,918		(5,356)
Inventories	34,236	16,376	14,449		65,061
Prepaid expenses	(1,029)	86	(9,426)		(10,369)
Accounts payable	133	(3,502)	(3,554)		(6,923)
Accrued expenses	(6,121)	(1,346)	(5,767)		(13,234)
Other noncurrent liabilities	(1,821)		828		(993)
Income taxes payable	(3,913)		(1,819)		(5,732)
Net cash flows from operating activities	112,896	32,164	33,055	(42,517)	135,598
Cash flows from investing activities:					
Purchase of property, plant and equipment	(12,647)	(5,088)	(6,815)		(24,550)
Dividends to noncontrolling interests			(289)		(289)
Proceeds from sale of assets	20	14	40		74
Other, net	12,500	(26,908)	(28,177)	42,517	(68)
Net cash flows from investing activities	(127)	(31,982)	(35,241)	42,517	(24,833)
Cash flows from financing activities:					
Net borrowings (repayments) under short-term agreements		(6)	(1,911)		(1,917)
Proceeds from long-term borrowings			10,001		10,001
Principal payments on long-term obligations	(88,505)	(10)	(113)		(88,628)
Dividends paid	(6,813)				(6,813)
Proceeds from exercises under stock plans	3,126				3,126
Excess tax benefits from stock option exercises	1,446				1,446
Purchase of common treasury shares stock plan exercises	(2,146)				(2,146)
Net cash flows from financing activities	(92,892)	(16)	7,977		(84,931)

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Effect of exchange rate changes on cash and cash equivalents			1,861		1,861
Net change in cash and cash equivalents	19,877	166	7,652		27,695
Cash and cash equivalents beginning of year	18,989	1,503	48,075		68,567
Cash and cash equivalents end of period	\$ 38,866	\$ 1,699	\$ 55,727	\$	\$ 96,262

Table of Contents

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

8. Guarantor/Non-Guarantor Financial Information (Continued)

For the Twenty-Six Weeks Ended June 28, 2008

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:					
Net earnings	\$ 67,042	\$ 9,095	\$ 21,382	\$ (28,870)	\$ 68,649
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	8,421	5,235	5,459		19,115
Stock based compensation	2,630				2,630
(Gain)/Loss on sale of property, plant and equipment	22	13	(681)		(646)
Equity in (earnings)/losses of nonconsolidated subsidiaries	82		(39)		43
Deferred income taxes	(5,293)	475	(1,116)		(5,934)
Other adjustments			189		189
Payment of deferred compensation	(589)				(589)
Changes in assets and liabilities:					
Receivables	(22,921)	925	(12,843)		(34,839)
Inventories	(180)	1,605	(19,944)		(18,519)
Prepaid expenses	(932)	(591)	(4,747)		(6,270)
Accounts payable	14,967	(364)	6,907		21,510
Accrued expenses	(72)	299	3,821		4,048
Other noncurrent liabilities	(1,755)		688		(1,067)
Income taxes payable	634		517		1,151
Net cash flows from operating activities	62,056	16,692	(407)	(28,870)	49,471
Cash flows from investing activities:					
Purchase of property, plant and equipment	(14,306)	(1,155)	(9,927)		(25,388)
Acquisitions, net of cash acquired	(849)	(57,904)	(31,472)		(90,225)
Dividends to minority interest			(184)		(184)
Proceeds from sale of assets	678	51	2,329		3,058
Other, net	(111,173)	43,727	37,476	28,870	(1,100)
Net cash flows from investing activities	(125,650)	(15,281)	(1,778)	28,870	(113,839)
Cash flows from financing activities:					
Net borrowings (repayments) under short-term agreements			2,749		2,749
Proceeds from long-term borrowings	50,000		895		50,895
Principal payments on long-term obligations	(28,426)	(86)	(4,473)		(32,985)
Dividends paid	(5,454)				(5,454)
Proceeds from exercises under stock plans	6,627				6,627
Excess tax benefits from stock option exercises	6,850				6,850
Purchase of common treasury shares stock plan exercises	(7,744)				(7,744)
Net cash flows from financing activities	21,853	(86)	(829)		20,938
			1,733		1,733

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Effect of exchange rate changes on cash and
cash equivalents
