

VALMONT INDUSTRIES INC
Form 10-Q
July 25, 2013

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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 June 29, 2013

or

**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 1-31429

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)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 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 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

26,772,121
Outstanding shares of common stock as of July 19, 2013

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars in thousands, except per share amounts)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Product sales	\$ 794,341	\$ 688,693	\$ 1,534,788	\$ 1,330,680
Services sales	84,318	78,622	163,501	153,985
Net sales	878,659	767,315	1,698,289	1,484,665
Product cost of sales	563,306	519,438	1,092,467	1,002,146
Services cost of sales	53,882	48,482	108,982	96,810
Total cost of sales	617,188	567,920	1,201,449	1,098,956
Gross profit	261,471	199,395	496,840	385,709
Selling, general and administrative expenses	117,206	102,043	234,385	205,539
Operating income	144,265	97,352	262,455	180,170
Other income (expenses):				
Interest expense	(8,025)	(7,421)	(16,215)	(15,228)
Interest income	1,852	1,910	3,205	3,988
Other	123	(1,977)	1,679	(400)
	(6,050)	(7,488)	(11,331)	(11,640)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	138,215	89,864	251,124	168,530
Income tax expense (benefit):				
Current	48,210	35,985	86,870	63,014
Deferred	(1,042)	(5,193)	(4,729)	(4,456)
	47,168	30,792	82,141	58,558
Earnings before equity in earnings of nonconsolidated subsidiaries	91,047	59,072	168,983	109,972
Equity in earnings of nonconsolidated subsidiaries	269	2,087	473	3,775
Net earnings	91,316	61,159	169,456	113,747
Less: Earnings attributable to noncontrolling interests	(1,753)	(1,179)	(2,324)	(1,442)
Net earnings attributable to Valmont Industries, Inc.	\$ 89,563	\$ 59,980	\$ 167,132	\$ 112,305
Earnings per share:				
Basic	\$ 3.36	\$ 2.27	\$ 6.28	\$ 4.25

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Diluted	\$	3.33	\$	2.24	\$	6.22	\$	4.20
Cash dividends declared per share	\$	0.250	\$	0.225	\$	0.475	\$	0.405
Weighted average number of shares of common stock outstanding Basic (000 omitted)		26,648		26,467		26,615		26,432
Weighted average number of shares of common stock outstanding Diluted (000 omitted)		26,910		26,758		26,884		26,718

See accompanying notes to condensed consolidated financial statements.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
Net earnings	\$ 91,316	\$ 61,159	\$ 169,456	\$ 113,747
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments:				
Unrealized translation losses	(52,962)	(30,821)	(62,582)	(1,259)
Realized loss included in net earnings during the period			(5,194)	
Unrealized loss on cash flow hedge:				
Amortization cost included in interest expense	100	100	200	200
Actuarial gain (loss) in defined benefit pension plan	42	(1,238)	(894)	633
Other comprehensive income (loss)	(52,820)	(31,959)	(68,470)	(426)
Comprehensive income	38,496	29,200	100,986	113,321
Comprehensive loss (income) attributable to noncontrolling interests	1,549	2,533	3,189	(2,481)
Comprehensive income attributable to Valmont Industries, Inc.	\$ 40,045	\$ 31,733	\$ 104,175	\$ 110,840

See accompanying notes to condensed consolidated financial statements.

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	June 29, 2013	December 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 490,477	\$ 414,129
Receivables, net	513,766	515,902
Inventories	413,408	412,384
Prepaid expenses	33,587	25,144
Refundable and deferred income taxes	68,168	58,381
Total current assets	1,519,406	1,425,940
Property, plant and equipment, at cost	1,018,988	994,774
Less accumulated depreciation and amortization	488,506	482,162
Net property, plant and equipment	530,482	512,612
Goodwill	332,367	330,791
Other intangible assets, net	168,470	172,270
Other assets	100,898	126,938
Total assets	\$ 2,651,623	\$ 2,568,551
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current installments of long-term debt	\$ 457	\$ 224
Notes payable to banks	16,004	13,375
Accounts payable	212,097	212,424
Accrued employee compensation and benefits	100,536	101,905
Accrued expenses	80,988	78,503
Dividends payable	6,693	6,002
Total current liabilities	416,775	412,433
Deferred income taxes	80,151	88,300
Long-term debt, excluding current installments	471,662	472,593
Defined benefit pension liability	98,707	112,043
Deferred compensation	37,117	31,920
Other noncurrent liabilities	48,854	44,252
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	1,458,326	1,300,529
Accumulated other comprehensive income (loss)	(19,019)	43,938
Treasury stock	(21,317)	(22,455)

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Total Valmont Industries, Inc. shareholders' equity	1,445,890	1,349,912
Noncontrolling interest in consolidated subsidiaries	52,467	57,098
Total shareholders' equity	1,498,357	1,407,010
Total liabilities and shareholders' equity	\$ 2,651,623	\$ 2,568,551

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)

	Twenty-six Weeks Ended	
	June 29, 2013	June 30, 2012
Cash flows from operating activities:		
Net earnings	\$ 169,456	\$ 113,747
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	38,186	34,367
Stock-based compensation	3,342	3,067
Defined benefit pension plan expense	3,245	2,050
Contribution to defined benefit pension plan	(10,346)	(10,750)
Gain on sale of property, plant and equipment	(5,071)	(164)
Equity in earnings in nonconsolidated subsidiaries	(473)	(3,775)
Deferred income taxes	(4,729)	(4,456)
Changes in assets and liabilities (net of acquisitions):		
Receivables	(3,331)	(69,922)
Inventories	(2,491)	(48,498)
Prepaid expenses	(5,910)	(4,060)
Accounts payable	736	1,976
Accrued expenses	2,916	(621)
Other noncurrent liabilities	1,873	(408)
Income taxes payable	(11,810)	(16,090)
Net cash flows from operating activities	175,593	(3,537)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(54,258)	(39,221)
Proceeds from sale of assets	39,054	4,867
Acquisitions, net of cash acquired	(53,152)	
Other, net	(133)	1,837
Net cash flows from investing activities	(68,489)	(32,517)
Cash flows from financing activities:		
Net borrowings under short-term agreements	2,620	5,931
Proceeds from long-term borrowings	68	39,126
Principal payments on long-term borrowings	(303)	(39,232)
Proceeds from sale of partial ownership interest		1,404
Dividends paid	(12,021)	(9,545)
Dividends to noncontrolling interest	(1,767)	(1,379)
Proceeds from exercises under stock plans	14,098	15,153
Excess tax benefits from stock option exercises	305	3,211
Purchase of common treasury shares stock plan exercises	(13,602)	(14,086)
Net cash flows from financing activities	(10,602)	583
Effect of exchange rate changes on cash and cash equivalents	(20,154)	958

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Net change in cash and cash equivalents	76,348	(34,513)
Cash and cash equivalents beginning of year	414,129	362,894
Cash and cash equivalents end of period	\$ 490,477	\$ 328,381

See accompanying notes to condensed consolidated financial statements.

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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 31, 2011	\$ 27,900	\$	\$ 1,079,698	\$ 64,052	\$ (24,688)	\$ 50,949	\$ 1,197,911
Net earnings			112,305			1,442	113,747
Other comprehensive income (loss)				(1,465)		1,039	(426)
Cash dividends declared			(10,763)				(10,763)
Dividends to noncontrolling interests						(1,379)	(1,379)
Sale of partial ownership interest		(610)				2,014	1,404
Stock plan exercises; 119,928 shares acquired					(14,086)		(14,086)
Stock options exercised; 230,141 shares issued		(5,576)	5,363		15,366		15,153
Tax benefit from stock option exercises		3,211					3,211
Stock option expense		2,490					2,490
Stock awards; 402 shares issued		485			92		577
Balance at June 30, 2012	\$ 27,900	\$	\$ 1,186,603	\$ 62,587	\$ (23,316)	\$ 54,065	\$ 1,307,839
Balance at December 29, 2012	\$ 27,900	\$	\$ 1,300,529	\$ 43,938	\$ (22,455)	\$ 57,098	\$ 1,407,010
Net earnings			167,132			2,324	169,456
Other comprehensive loss				(62,957)		(5,513)	(68,470)
Cash dividends declared			(12,713)				(12,713)
Dividends to noncontrolling interests						(1,767)	(1,767)
Acquisition of Locker						325	325
Stock plan exercises; 85,874 shares acquired					(13,602)		(13,602)
Stock options exercised; 177,902 shares issued		(3,647)	3,378		14,367		14,098
Tax benefit from stock option exercises		305					305
Stock option expense		2,627					2,627
Stock awards; 2,667 shares issued		715			373		1,088
Balance at June 29, 2013	\$ 27,900	\$	\$ 1,458,326	\$ (19,019)	\$ (21,317)	\$ 52,467	\$ 1,498,357

See accompanying notes to condensed consolidated financial statements.

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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 29, 2013, the Condensed Consolidated Statements of Earnings and Comprehensive Income for the thirteen and twenty-six weeks ended June 29, 2013 and June 30, 2012, and the Condensed Consolidated Statements of Cash Flows and 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 29, 2013 and 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 29, 2012. 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 29, 2012. In 2013, the Company changed its presentation of certain intercompany utility structure sales to align with management's current reporting structure. In 2013, those sales were recorded as part of the Engineered Infrastructure Products (EIP) segment. In 2012, these sales were recorded in the Utility Support Structures segment. Fiscal 2012 reporting was reclassified to conform with the 2013 presentation. Accordingly, fiscal 2012 EIP segment sales (and the associated intersegment sales elimination) for the thirteen and twenty-six weeks ended June 30, 2012 increased by \$10,034 and \$16,062, respectively. Fiscal 2012 segment sales (after intersegment sales eliminations) and operating income were unchanged from amounts previously reported. The results of operations for the period ended June 29, 2013 are not necessarily indicative of the operating results for the full year.

Inventories

Approximately 40% and 43% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market as of June 29, 2013 and December 29, 2012, respectively. 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 and finished goods. The excess of replacement cost of inventories over the LIFO value is approximately \$42,468 and \$45,822 at June 29, 2013 and December 29, 2012, respectively.

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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 29, 2013	December 29, 2012
Raw materials and purchased parts	\$ 182,907	\$ 199,808
Work-in-process	39,385	36,114
Finished goods and manufactured goods	233,584	222,284
Subtotal	455,876	458,206
Less: LIFO reserve	42,468	45,822
	\$ 413,408	\$ 412,384

Income Taxes

Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries for the thirteen and twenty-six weeks ended June 29, 2013 and June 30, 2012, were as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	2013	2012	2013	2012
United States	\$ 98,684	\$ 68,132	\$ 187,421	\$ 130,827
Foreign	39,531	21,732	63,703	37,703
	\$ 138,215	\$ 89,864	\$ 251,124	\$ 168,530

Pension Benefits

The Company incurs expenses in connection with the Delta Pension Plan ("DPP"). The DPP was acquired as part of the Delta plc acquisition in fiscal 2010 and has no members that are active employees. In order to measure expense and the related benefit obligation, various assumptions are made including discount rates used to value the obligation, expected return on plan assets used to fund these expenses and estimated future inflation rates. These assumptions are based on historical experience as well as current facts and circumstances. An actuarial analysis is used to measure the expense and liability associated with pension benefits.

The components of the net periodic pension expense for the twenty-six weeks ended June 29, 2013 and June 30, 2012 were as follows:

	2013	2012
Net periodic benefit expense:		
Interest cost	\$ 13,058	\$ 11,594
Expected return on plan assets	(9,813)	(9,544)
Net periodic benefit expense	\$ 3,245	\$ 2,050

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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)

Stock Plans

The Company maintains stock-based compensation plans approved by the shareholders, which provide that the Human Resource 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 29, 2013, 1,700,000 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 closing 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 options for the thirteen and twenty-six weeks ended June 29, 2013 and June 30, 2012, respectively, were as follows:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	2013	2012	2013	2012
Compensation expense	\$ 1,314	\$ 1,245	\$ 2,627	\$ 2,490
Income tax benefits	505	479	1,011	959

Equity Method Investments

The Company has equity method investments in non-consolidated subsidiaries, which are recorded within "Other assets" on the Condensed Consolidated Balance Sheet. In February 2013, the Company sold its nonconsolidated investment in Manganese Materials Company Pty. Ltd. to the majority owner of the business for approximately \$29,250. The profit on the sale was not significant, which included the recognition of \$5,194 in currency translation adjustments previously recorded as part of "Accumulated other comprehensive income" on the Condensed consolidated balance sheet. The Company also recognized certain deferred tax benefits of approximately \$3,200 associated with the sale in the first quarter of fiscal 2013.

Fair Value

The Company applies the provisions of Accounting Standards Codification 820, *Fair Value Measurements* ("ASC 820") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to other accounting pronouncements that require or permit fair value measurements. As defined in ASC 820, 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.

ASC 820 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 refer broadly to the assumptions that market participants would use in pricing the asset or liability, including

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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)

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 Accounting Standards Codification 320, *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 29, 2013	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	\$ 24,562	\$ 24,562	\$	\$

	Carrying Value December 29, 2012	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	\$ 20,087	\$ 20,087	\$	\$

Comprehensive Income

Comprehensive income includes net earnings, currency translation adjustments, certain derivative-related activity and changes in net actuarial gains/losses from a pension plan. Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and

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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)

liabilities are translated at the exchange rates in effect on the balance sheet dates. Accumulated other comprehensive income (loss) consisted of the following at June 29, 2013 and December 29, 2012:

	Foreign Currency Translation Adjustments	Unrealized Loss on Cash Flow Hedge	Defined Benefit Pension Plan	Accumulated Other Comprehensive Income
Balance at December 29, 2012	\$ 30,576	\$ (2,935)	\$ 16,297	\$ 43,938
Current-period comprehensive income (loss)	(62,263)	200	(894)	(62,957)
Balance at June 29, 2013	\$ (31,687)	\$ (2,735)	\$ 15,403	\$ (19,019)

(2) ACQUISITION OF LOCKER GROUP HOLDINGS PTY. LTD.

On February 5, 2013, the Company purchased 100% of the outstanding shares of Locker Group Holdings Pty. Ltd. (Locker). Locker is a manufacturer of perforated and expanded metal for the non-residential market, industrial flooring and handrails for the access systems market, and screening media for applications in the industrial and mining sectors in Australia and Asia. Locker's annual sales for the twelve months prior to the acquisition date were approximately \$80,000 and its operations are reported in the Engineered Infrastructure Products Segment. The purchase price paid for the business at closing (net of \$116 cash acquired) was \$53,152. In addition, a maximum of \$7,911 additional purchase price may be paid to the sellers upon the achievement of certain gross profit and inventory targets over the next two years. The Company determined the present value of the potential additional purchase price at February 5, 2013 to be \$6,175. The acquisition, which was funded by cash held by the Company, was completed to expand our product offering and sales coverage for access systems and related products in Asia Pacific.

The preliminary fair value measurement was completed at June 29, 2013, subject to final independent reviews of the fair value assessments of assets acquired and liabilities assumed. The Company expects the fair value measurement process to be completed in the third quarter of 2013.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the date of acquisition.

	At February 5, 2013
Current assets	\$ 25,584
Property, plant and equipment	20,412
Intangible assets	11,199
Goodwill	13,326
Total fair value of assets acquired	\$ 70,521
Current liabilities	9,595
Deferred income taxes	481
Other non-current liabilities	677
Non-controlling interests	325
Total fair value of liabilities assumed and non-controlling interests	11,078

Net assets acquired	\$	59,443
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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(2) ACQUISITION OF LOCKER GROUP HOLDINGS PTY. LTD. (Continued)

The Company's Condensed Consolidated Statements of Earnings for the thirteen and twenty-six weeks ended June 29, 2013 included net sales of \$18,082 and \$29,936, respectively, and net earnings of \$288 and \$539, respectively, resulting from Locker's operations from February 5, 2013 to June 29, 2013.

Based on the fair value assessments, the Company allocated \$11,199 of the purchase price to acquired intangible assets. The following table summarizes the major classes of Locker acquired intangible assets and the respective weighted-average amortization periods:

	Amount	Weighted Average Amortization Period (Years)
Trade Names	\$ 4,116	Indefinite
Customer Relationships	6,047	10.0
Software and Technology	1,036	5.0
	\$ 11,199	

(3) GOODWILL AND INTANGIBLE ASSETS

Amortized Intangible Assets

The components of amortized intangible assets at June 29, 2013 and December 29, 2012 were as follows:

	June 29, 2013		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 171,290	\$ 68,632	13 years
Proprietary Software & Database	3,949	2,824	6 years
Patents & Proprietary Technology	9,592	6,084	8 years
Non-compete Agreements	1,793	1,582	6 years
	\$ 186,624	\$ 79,122	

	December 29, 2012		Weighted Average Life
	Gross Carrying Amount	Accumulated Amortization	
Customer Relationships	\$ 170,556	\$ 62,957	13 years
Proprietary Software & Database	3,073	2,795	6 years
Patents & Proprietary Technology	9,953	5,517	8 years
Non-compete Agreements	1,807	1,542	6 years

\$ 185,389 \$ 72,811

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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)

Amortization expense for intangible assets for the thirteen and twenty-six weeks ended June 29, 2013 and June 30, 2012, respectively was as follows:

Thirteen Weeks Ended		Twenty-six Weeks Ended	
2013	2012	2013	2012
\$ 3,458	\$ 3,624	\$ 7,696	\$ 7,169

Estimated annual amortization expense related to finite-lived intangible assets is as follows:

	Estimated Amortization Expense
2013	\$ 15,715
2014	14,898
2015	14,053
2016	13,518
2017	13,479

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.

Non-amortized intangible assets

Intangible assets with indefinite lives are not amortized. The carrying values of trade names at June 29, 2013 and December 29, 2012 were as follows:

	June 29, 2013	December 29, 2012	Year Acquired
Webforge	\$ 16,456	\$ 17,411	2010
Newmark	11,111	11,111	2004
Ingal EPS/Ingal Civil Products	8,685	9,189	2010
Donhad	6,552	6,932	2010
Industrial Galvanizers	3,809	4,030	2010
Other	14,355	11,019	
	\$ 60,968	\$ 59,692	

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.

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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)

The Company's trade names were tested for impairment in the third quarter of 2012. 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.

Goodwill

The carrying amount of goodwill by segment as of June 29, 2013 and December 29, 2012 was as follows:

	Engineered Infrastructure Products Segment	Utility Support Structures Segment	Coatings Segment	Irrigation Segment	Other	Total
Balance at December 29, 2012	\$ 155,185	\$ 77,141	\$ 77,053	\$ 2,517	\$ 18,895	\$ 330,791
Acquisitions	13,326					13,326
Foreign currency translation	(9,663)		(998)	(54)	(1,035)	(11,750)
Other	1,737	(1,737)				
Balance at June 29, 2013	\$ 160,585	\$ 75,404	\$ 76,055	\$ 2,463	\$ 17,860	\$ 332,367

The goodwill from acquisitions arose from the acquisition of Locker. The Company's goodwill was tested for impairment during the third quarter of 2012. As a result of that testing, the Company determined that its goodwill was not impaired, as the valuation of the reporting units exceeded their respective carrying values. The Company continues to monitor changes in the global economy that could impact future operating results of its reporting units. If such conditions arise, the Company will test a given reporting unit for impairment prior to the annual test.

(4) CASH FLOW SUPPLEMENTARY INFORMATION

The Company considers all highly liquid temporary cash investments purchased with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash payments for interest and income taxes (net of refunds) for the twenty-six weeks ended June 29, 2013 and June 30, 2012 were as follows:

	2013	2012
Interest	\$ 16,329	\$ 15,494
Income taxes	103,604	73,105

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(5) EARNINGS PER SHARE

The following table provides a reconciliation between Basic and Diluted earnings per share (EPS):

	Basic EPS	Dilutive Effect of Stock Options	Diluted EPS
Thirteen weeks ended June 29, 2013:			
Net earnings attributable to Valmont Industries, Inc.	\$ 89,563	\$	\$ 89,563
Shares outstanding	26,648	262	26,910
Per share amount	\$ 3.36	\$ (0.03)	\$ 3.33
Thirteen weeks ended June 30, 2012:			
Net earnings attributable to Valmont Industries, Inc.	\$ 59,980	\$	\$ 59,980
Shares outstanding	26,467	291	26,758
Per share amount	\$ 2.27	\$ (0.03)	\$ 2.24
Twenty-six weeks ended June 29, 2013:			
Net earnings attributable to Valmont Industries, Inc.	\$ 167,132	\$	\$ 167,132
Shares outstanding	26,615	269	26,884
Per share amount	\$ 6.28	\$ (0.06)	\$ 6.22
Twenty-six weeks ended June 30, 2012:			
Net earnings attributable to Valmont Industries, Inc.	\$ 112,305	\$	\$ 112,305
Shares outstanding	26,432	286	26,718
Per share amount	\$ 4.25	\$ (0.05)	\$ 4.20

At June 29, 2013 there were 1,172 outstanding stock options with exercise prices exceeding the market price of common stock that were excluded from the computation of diluted earnings per share for the thirteen weeks and twenty-six weeks ending June 29, 2013. At June 30, 2012, there were no outstanding stock options with exercise prices exceeding the market price of common stock.

(6) BUSINESS SEGMENTS

The Company has four reportable segments based on its management structure. Each segment is global in nature with a manager responsible for segment operational performance and the allocation of capital within the segment. Net corporate expense is net of certain service-related expenses that are allocated to business units generally on the basis of employee headcounts and sales dollars.

Reportable segments are as follows:

ENGINEERED INFRASTRUCTURE PRODUCTS: This segment consists of the manufacture of engineered metal structures and components for the global lighting and traffic, wireless communication, roadway safety and access systems applications;

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

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(6) BUSINESS SEGMENTS (Continued)

COATINGS: This segment consists of galvanizing, anodizing and powder coating services on a global basis; and

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

In addition to these four reportable segments, the Company has other businesses and activities that individually are not more than 10% of consolidated sales. These include the manufacture of forged steel grinding media for the mining industry, tubular products for industrial customers, electrolytic manganese dioxide for disposable batteries and the distribution of industrial fasteners and 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 invested capital. The Company does not allocate interest expense, non-operating income and deductions, or income taxes to its business segments.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(6) BUSINESS SEGMENTS (Continued)

Summary by Business

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 29, 2013	June 30, 2012	June 29, 2013	June 30, 2012
SALES:				
Engineered Infrastructure Products segment:				
Lighting, Traffic, and Roadway Products	\$ 161,487	\$ 158,575	\$ 308,657	\$ 297,900
Communication Products	34,771	36,488	63,393	63,183
Access Systems	54,378	40,753	102,256	78,660
Engineered Infrastructure Products segment	250,636	235,816	474,306	439,743
Utility Support Structures segment:				
Steel	201,164	185,079	411,661	352,043
Concrete	27,079	27,158	56,220	51,426
Utility Support Structures segment	228,243	212,237	467,881	403,469
Coatings segment	93,798	84,837	183,043	167,684
Irrigation segment	270,175	194,496	514,882	390,762
Other	83,679	87,194	161,548	173,257
Total	926,531	814,580	1,801,660	1,574,915
INTERSEGMENT SALES:				
Engineered Infrastructure Products segment	22,169	24,726	51,621	43,146
Utility Support Structures segment	299	467	710	2,447
Coatings segment	14,448	13,252	28,778	25,949
Irrigation segment	1	6	1	431
Other	10,955	8,814	22,261	18,277
Total	47,872	47,265	103,371	90,250
NET SALES:				
Engineered Infrastructure Products segment	228,467	211,090	422,685	396,597
Utility Support Structures segment	227,944	211,770	467,171	401,022
Coatings segment	79,350	71,585	154,265	141,735
Irrigation segment	270,174	194,490	514,881	390,331
Other	72,724	78,380	139,287	154,980
Total	\$ 878,659	\$ 767,315	\$ 1,698,289	\$ 1,484,665
OPERATING INCOME:				
Engineered Infrastructure Products segment	\$ 22,603	\$ 14,168	\$ 35,337	\$ 22,192
Utility Support Structures segment	42,121	26,574	88,276	51,678
Coatings segment	23,552	19,517	36,972	36,029
Irrigation segment	64,174	37,607	118,733	76,015
Other	13,025	12,259	23,812	23,670
Corporate	(21,210)	(12,773)	(40,675)	(29,414)

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Total \$ 144,265 \$ 97,352 \$ 262,455 \$ 180,170

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION

The Company has \$450,000 principal amount of senior unsecured notes outstanding at a coupon interest rate of 6.625% per annum. The notes are guaranteed, jointly, severally, fully and unconditionally by certain of the Company's current and future direct and indirect domestic and foreign 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.

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

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
For the Thirteen weeks ended June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 426,817	\$ 169,027	\$ 360,802	\$ (77,987)	\$ 878,659
Cost of sales	297,949	126,290	273,482	(80,533)	617,188
Gross profit	128,868	42,737	87,320	2,546	261,471
Selling, general and administrative expenses	55,720	14,347	47,139		117,206
Operating income	73,148	28,390	40,181	2,546	144,265
Other income (expense):					
Interest expense	(7,636)	(11,944)	(390)	11,945	(8,025)
Interest income	8	237	13,552	(11,945)	1,852
Other	394	31	(302)		123
	(7,234)	(11,676)	12,860		(6,050)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	65,914	16,714	53,041	2,546	138,215
Income tax expense (benefit):					
Current	24,824	6,546	16,182	658	48,210
Deferred	(750)	1,399	(1,691)		(1,042)
	24,074	7,945	14,491	658	47,168
Earnings before equity in earnings of nonconsolidated subsidiaries	41,840	8,769	38,550	1,888	91,047
Equity in earnings of nonconsolidated subsidiaries	47,723	23,234		(70,688)	269
Net earnings	89,563	32,003	38,550	(68,800)	91,316
Less: Earnings attributable to noncontrolling interests			(1,753)		(1,753)
Net earnings attributable to Valmont Industries, Inc	\$ 89,563	\$ 32,003	\$ 36,797	\$ (68,800)	\$ 89,563

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

For the Twenty-six Weeks Ended June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 843,430	\$ 339,876	\$ 686,211	\$ (171,228)	\$ 1,698,289
Cost of sales	598,629	255,288	521,865	(174,333)	1,201,449
Gross profit	244,801	84,588	164,346	3,105	496,840
Selling, general and administrative expenses	105,746	28,341	100,298		234,385
Operating income	139,055	56,247	64,048	3,105	262,455
Other income (expense):					
Interest expense	(15,391)	(24,574)	(824)	24,574	(16,215)
Interest income	15	490	27,274	(24,574)	3,205
Other	1,802	46	(169)		1,679
	(13,574)	(24,038)	26,281		(11,331)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	125,481	32,209	90,329	3,105	251,124
Income tax expense (benefit):					
Current	45,999	13,382	26,652	837	86,870
Deferred	(2,504)	1,702	(3,927)		(4,729)
	43,495	15,084	22,725	837	82,141
Earnings before equity in earnings of nonconsolidated subsidiaries	81,986	17,125	67,604	2,268	168,983
Equity in earnings of nonconsolidated subsidiaries	85,146	42,385	207	(127,265)	473
Net earnings	167,132	59,510	67,811	(124,997)	169,456
Less: Earnings attributable to noncontrolling interests			(2,324)		(2,324)
Net earnings attributable to Valmont Industries, Inc	167,132	59,510	65,487	(124,997)	167,132

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

For the Thirteen weeks ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	\$ 347,643	\$ 152,159	\$ 333,171	\$ (65,658)	\$ 767,315
Cost of sales	249,557	121,658	261,374	(64,669)	567,920
Gross profit	98,086	30,501	71,797	(989)	199,395
Selling, general and administrative expenses	43,762	13,177	45,104		102,043
Operating income	54,324	17,324	26,693	(989)	97,352
Other income (expense):					
Interest expense	(7,573)	(12,244)	152	12,244	(7,421)
Interest income	5	129	14,020	(12,244)	1,910
Other	(454)	11	(1,534)		(1,977)
	(8,022)	(12,104)	12,638		(7,488)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	46,302	5,220	39,331	(989)	89,864
Income tax expense (benefit):					
Current	19,363	6,197	10,425		35,985
Deferred	(2,963)	(1,031)	(1,199)		(5,193)
	16,400	5,166	9,226		30,792
Earnings before equity in earnings of nonconsolidated subsidiaries	29,902	54	30,105	(989)	59,072
Equity in earnings of nonconsolidated subsidiaries	30,078	23,253	2,276	(53,520)	2,087
Net earnings	\$ 59,980	\$ 23,307	\$ 32,381	\$ (54,509)	\$ 61,159
Less: Earnings attributable to noncontrolling interests			(1,179)		(1,179)
Net earnings attributable to Valmont Industries, Inc	\$ 59,980	\$ 23,307	\$ 31,202	\$ (54,509)	\$ 59,980

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

For the Twenty-six Weeks Ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net sales	712,483	280,871	627,113	(135,802)	1,484,665
Cost of sales	517,069	225,300	491,297	(134,710)	1,098,956
Gross profit	195,414	55,571	135,816	(1,092)	385,709
Selling, general and administrative expenses	87,034	26,965	91,540		205,539
Operating income	108,380	28,606	44,276	(1,092)	180,170
Other income (expense):					
Interest expense	(15,255)	(24,501)	27	24,501	(15,228)
Interest income	14	323	28,152	(24,501)	3,988
Other	1,005	25	(1,430)		(400)
	(14,236)	(24,153)	26,749		(11,640)
Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries	94,144	4,453	71,025	(1,092)	168,530
Income tax expense (benefit):					
Current	36,548	5,296	21,170		63,014
Deferred	(2,769)	139	(1,826)		(4,456)
	33,779	5,435	19,344		58,558
Earnings before equity in earnings of nonconsolidated subsidiaries	60,365	(982)	51,681	(1,092)	109,972
Equity in earnings of nonconsolidated subsidiaries	51,940	46,361	3,932	(98,458)	3,775
Net earnings	112,305	45,379	55,613	(99,550)	113,747
Less: Earnings attributable to noncontrolling interests			(1,442)		(1,442)
Net earnings attributable to Valmont Industries, Inc	\$ 112,305	\$ 45,379	\$ 54,171	\$ (99,550)	\$ 112,305

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Thirteen weeks ended June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net earnings	\$ 89,563	\$ 32,003	\$ 38,550	\$ (68,800)	\$ 91,316
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments:					
Unrealized gains (losses) arising during the period		65,807	(118,769)		(52,962)
Realized (loss) included in net earnings during the period					
		65,807	(118,769)		(52,962)
Unrealized loss on cash flow hedge:					
Amortization cost included in interest expense	100				100
	100				100
Actuarial gain (loss) in defined benefit pension plan liability			42		42
Equity in other comprehensive income	(49,618)			49,618	
Other comprehensive income (loss)	(49,518)	65,807	(118,727)	49,618	(52,820)
Comprehensive income	40,045	97,810	(80,177)	(19,182)	38,496
Comprehensive income attributable to noncontrolling interests			1,549		1,549
Comprehensive income attributable to Valmont Industries, Inc.	\$ 40,045	\$ 97,810	\$ (78,628)	\$ (19,182)	\$ 40,045

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Twenty-six Weeks Ended June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net earnings	\$ 167,132	\$ 59,510	\$ 67,811	\$ (124,997)	\$ 169,456
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments:					
Unrealized gains (losses) arising during the period		27,486	(90,068)		(62,582)
Realized (loss) included in net earnings during the period			(5,194)		(5,194)
		27,486	(95,262)		(67,776)
Unrealized loss on cash flow hedge:					
Amortization cost included in interest expense	200				200
	200				200
Actuarial gain (loss) in defined benefit pension plan liability			(894)		(894)
Equity in other comprehensive income	(63,157)			63,157	
Other comprehensive income (loss)	(62,957)	27,486	(96,156)	63,157	(68,470)
Comprehensive income	104,175	86,996	(28,345)	(61,840)	100,986
Comprehensive income attributable to noncontrolling interests			3,189		3,189
Comprehensive income attributable to Valmont Industries, Inc.	\$ 104,175	\$ 86,996	\$ (25,156)	\$ (61,840)	\$ 104,175

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Thirteen weeks ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net earnings	\$ 59,980	\$ 23,307	\$ 32,381	\$ (54,509)	\$ 61,159
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments:					
Unrealized gains (losses) arising during the period		14,123	(38,433)	(6,511)	(30,821)
		14,123	(38,433)	(6,511)	(30,821)
Unrealized loss on cash flow hedge:					
Amortization cost included in interest expense	100				100
	100				100
Actuarial gain (loss) in defined benefit pension plan liability			(1,238)		(1,238)
Equity in other comprehensive income	(28,347)			28,347	
Other comprehensive income (loss)	(28,247)	14,123	(39,671)	21,836	(31,959)
Comprehensive income	31,733	37,430	(7,290)	(32,673)	29,200
Comprehensive income attributable to noncontrolling interests			2,533		2,533
Comprehensive income attributable to Valmont Industries, Inc.	\$ 31,733	\$ 37,430	\$ (4,757)	\$ (32,673)	\$ 31,733

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Twenty-six Weeks Ended June 30, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Net earnings	\$ 112,305	\$ 45,379	\$ 55,613	\$ (99,550)	\$ 113,747
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments:					
Unrealized gains (losses) arising during the period		(2,244)	7,496	(6,511)	(1,259)
		(2,244)	7,496	(6,511)	(1,259)
Unrealized loss on cash flow hedge:					
Amortization cost included in interest expense	200				200
	200				200
Actuarial gain in defined benefit pension plan liability			633		633
Equity in other comprehensive income	(1,665)			1,665	
Other comprehensive income (loss)	(1,465)	(2,244)	8,129	(4,846)	(426)
Comprehensive income	110,840	43,135	63,742	(104,396)	113,321
Comprehensive income attributable to noncontrolling interests			(2,481)		(2,481)
Comprehensive income attributable to Valmont Industries, Inc.	\$ 110,840	\$ 43,135	\$ 61,261	\$ (104,396)	\$ 110,840

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 135,336	\$ 29,738	\$ 325,403	\$	\$ 490,477
Receivables, net	143,707	81,159	288,900		513,766
Inventories	135,396	70,345	207,667		413,408
Prepaid expenses	6,573	712	26,302		33,587
Refundable and deferred income taxes	38,155	5,605	24,408		68,168
Total current assets	459,167	187,559	872,680		1,519,406
Property, plant and equipment, at cost	476,731	141,114	401,143		1,018,988
Less accumulated depreciation and amortization	296,524	58,723	133,259		488,506
Net property, plant and equipment	180,207	82,391	267,884		530,482
Goodwill	20,108	107,542	204,717		332,367
Other intangible assets	419	50,869	117,182		168,470
Investment in subsidiaries and intercompany accounts	1,446,491	1,348,693	556,568	(3,351,752)	
Other assets	36,588		64,310		100,898
Total assets	\$ 2,142,980	\$ 1,777,054	\$ 2,083,341	\$ (3,351,752)	\$ 2,651,623
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 188	\$	\$ 269	\$	\$ 457
Notes payable to banks			16,004		16,004
Accounts payable	66,559	19,128	126,410		212,097
Accrued employee compensation and benefits	58,734	9,046	32,756		100,536
Accrued expenses	37,575	4,227	39,186		80,988
Dividends payable	6,693				6,693
Total current liabilities	169,749	32,401	214,625		416,775
Deferred income taxes	19,182	28,254	32,715		80,151
Long-term debt, excluding current installments	470,919	532,852	743	(532,852)	471,662
Defined benefit pension liability			98,707		98,707
Deferred compensation	29,689		7,428		37,117

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Other noncurrent liabilities	7,551		41,303		48,854
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		150,286	894,239	(1,044,525)	
Retained earnings	1,458,326	526,750	505,878	(1,032,628)	1,458,326
Accumulated other comprehensive income (loss)	(19,019)	48,561	(19,746)	(28,815)	(19,019)
Treasury stock	(21,317)				(21,317)
Total Valmont Industries, Inc. shareholders' equity	1,445,890	1,183,547	1,635,353	(2,818,900)	1,445,890
Noncontrolling interest in consolidated subsidiaries			52,467		52,467
Total shareholders' equity	1,445,890	1,183,547	1,687,820	(2,818,900)	1,498,357
Total liabilities and shareholders' equity	\$ 2,142,980	\$ 1,777,054	\$ 2,083,341	\$ (3,351,752)	\$ 2,651,623

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED BALANCE SHEETS

December 29, 2012

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 40,926	\$ 83,203	\$ 290,000	\$	\$ 414,129
Receivables, net	144,161	86,403	285,338		515,902
Inventories	146,619	71,988	193,777		412,384
Prepaid expenses	7,153	1,029	16,962		25,144
Refundable and deferred income taxes	29,359	6,904	22,118		58,381
Total current assets	368,218	249,527	808,195		1,425,940
Property, plant and equipment, at cost	456,497	122,937	415,340		994,774
Less accumulated depreciation and amortization	288,226	55,239	138,697		482,162
Net property, plant and equipment	168,271	67,698	276,643		512,612
Goodwill	20,108	107,542	203,141		330,791
Other intangible assets	499	53,517	118,254		172,270
Investment in subsidiaries and intercompany accounts	1,456,159	1,246,777	615,152	(3,318,088)	
Other assets	32,511		94,427		126,938
Total assets	\$ 2,045,766	\$ 1,725,061	\$ 2,115,812	\$ (3,318,088)	\$ 2,568,551
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current installments of long-term debt	\$ 189	\$	\$ 35	\$	\$ 224
Notes payable to banks			13,375		13,375
Accounts payable	72,610	22,006	117,808		212,424
Accrued employee compensation and benefits	61,572	10,530	29,803		101,905
Accrued expenses	30,641	4,674	43,188		78,503
Income taxes payable		31	669	(700)	
Dividends payable	6,002				6,002
Total current liabilities	171,014	37,241	204,878	(700)	412,433
Deferred income taxes	23,305	27,851	37,144		88,300
Long-term debt, excluding current installments	471,828	599,873	765	(599,873)	472,593
Defined benefit pension liability			112,043		112,043

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Deferred compensation	25,200		6,720		31,920
Other noncurrent liabilities	4,507		39,745		44,252
Shareholders' equity:					
Common stock of \$1 par value	27,900	457,950	254,982	(712,932)	27,900
Additional paid-in capital		150,286	893,274	(1,043,560)	
Retained earnings	1,300,529	467,240	443,337	(910,577)	1,300,529
Accumulated other comprehensive income	43,938	(15,380)	65,826	(50,446)	43,938
Treasury stock	(22,455)				(22,455)
Total Valmont Industries, Inc. shareholders' equity	1,349,912	1,060,096	1,657,419	(2,717,515)	1,349,912
Noncontrolling interest in consolidated subsidiaries			57,098		57,098
Total shareholders' equity	1,349,912	1,060,096	1,714,517	(2,717,515)	1,407,010
Total liabilities and shareholders' equity	\$ 2,045,766	\$ 1,725,061	\$ 2,115,812	\$ (3,318,088)	\$ 2,568,551

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share amounts)

(Unaudited)

(7) GUARANTOR/NON-GUARANTOR FINANCIAL INFORMATION (Continued)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Twenty-six Weeks Ended June 29, 2013

	Parent	Guarantors	Non-Guarantors	Eliminations	Total
Cash flows from operating activities:					
Net earnings	\$ 167,132	\$ 59,510	\$ 67,811	\$ (124,997)	\$ 169,456
Adjustments to reconcile net earnings to net cash flows from operations:					
Depreciation and amortization	9,834	6,452	21,900		38,186
Stock-based compensation	3,342				3,342
Defined benefit pension plan expense			3,245		3,245
Contribution to defined benefit pension plan			(10,346)		(10,346)
Gain on sale of property, plant and equipment	337	36	(5,444)		(5,071)
Equity in earnings in nonconsolidated subsidiaries	(266)		(207)		(473)
Deferred income taxes	(2,504)	1,702	(3,927)		(4,729)
Changes in assets and liabilities (net of acquisitions):					
Receivables	453	5,235	(9,019)		(3,331)
Inventories	10,524	1,643	(14,658)		(2,491)
Prepaid expenses	579	318	(6,807)		(5,910)
Accounts payable	(6,052)	(2,877)	9,665		736
Accrued expenses	4,471	(1,932)	377		2,916
Other noncurrent liabilities	3,058		(1,185)		1,873
Income taxes payable (refundable)	(10,415)	(1,943)	(277)	825	(11,810)
Net cash flows from operating activities	180,493	68,144	51,128	(124,172)	175,593
Cash flows from investing activities:					
Purchase of property, plant and equipment	(22,826)	(18,569)	(12,863)		(54,258)