

VALMONT INDUSTRIES INC
Form 10-Q
July 31, 2009

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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 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

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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

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART I. FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

| | Thirteen Weeks Ended | | 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 |

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| | | | | |
|---|----------|----------|----------|----------|
| 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 |

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| | | |
|--|--------------|--------------|
| 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) |

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| | | |
|---|-----------|-----------|
| 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.

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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 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 |

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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.

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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 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.

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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 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.

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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)

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

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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)

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.

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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. 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 | | |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Weighted Average Life |
| 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 | |

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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)

| | 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.

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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)*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 |

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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.

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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. 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

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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. 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 |

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| | | | | |
|-----------------------|-----------|-----------|------------|------------|
| 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 |

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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) |

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| | | | | | |
|---|-----------|-----------|-----------|-------------|-----------|
| 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 |

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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 |

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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 |

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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 |

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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 |

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| | | | | | | |
|--|--------------|------------|------------|--------------|--|--------------|
| 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 |

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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) |

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| | | | | | | |
|--|--------------|------------|------------|--------------|--|--------------|
| 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 |

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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) |

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| | | | | | |
|--|-----------|----------|-----------|----|-----------|
| 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 |

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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 |

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Effect of exchange rate changes on cash and cash equivalents

| | | | | |
|---|-----------|----------|-----------|-----------|
| Net change in cash and cash equivalents | (41,741) | 1,325 | (1,281) | (41,697) |
| Cash and cash equivalents beginning of year | 58,344 | 464 | 47,724 | 106,532 |
| Cash and cash equivalents end of period | \$ 16,603 | \$ 1,789 | \$ 46,443 | \$ 64,835 |

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**VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
PART 1. FINANCIAL INFORMATION**

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's discussion and analysis contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on assumptions that management has made in light of experience in the industries in which the Company operates, as well as management's perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances. These statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. Management believes that these forward-looking statements are based on reasonable assumptions. Many factors could affect the Company's actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. These factors include, among other things, risk factors described from time to time in the Company's reports to the Securities and Exchange Commission, as well as future economic and market circumstances, industry conditions, company performance and financial results, operating efficiencies, availability and price of raw materials, availability and market acceptance of new products, product pricing, domestic and international competitive environments, and actions and policy changes of domestic and foreign governments.

This discussion should be read in conjunction with the financial statements and the notes thereto, and the management's discussion and analysis, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 27, 2008. We aggregate our businesses into four reportable segments. See Note 7 to the Condensed Consolidated Financial Statements.

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Results of Operations

Dollars in thousands, except per share amounts

| | Thirteen Weeks Ended | | | Twenty-six Weeks Ended | | |
|--|----------------------|------------------|--------------------|------------------------|------------------|--------------------|
| | June 27, 2009 | June 28, 2008 | % Incr. (Decr.) | June 27, 2009 | June 28, 2008 | % Incr. (Decr.) |
| Consolidated | | | | | | |
| Net sales | \$498,810 | \$497,129 | 0.3% | \$953,964 | \$919,415 | 3.8% |
| Gross profit | 144,681 | 137,203 | 5.5% | 272,997 | 253,011 | 7.9% |
| <i>as a percent of sales</i> | <i>29.0%</i> | <i>27.6%</i> | | <i>28.6%</i> | <i>27.5%</i> | |
| SG&A expense | 75,265 | 73,833 | 1.9% | 145,262 | 139,175 | 4.4% |
| <i>as a percent of sales</i> | <i>15.1%</i> | <i>14.9%</i> | | <i>15.2%</i> | <i>15.1%</i> | |
| Operating income | 69,416 | 63,370 | 9.5% | 127,735 | 113,836 | 12.2% |
| <i>as a percent of sales</i> | <i>13.9%</i> | <i>12.7%</i> | | <i>13.4%</i> | <i>12.4%</i> | |
| Net interest expense | 3,692 | 3,831 | -3.6% | 7,644 | 7,684 | -0.5% |
| Effective tax rate | 32.7% | 34.8% | | 32.8% | 34.1% | |
| Net earnings attributable to Valmont Industries, Inc. | 44,230 | 37,264 | 18.7% | 80,094 | 66,963 | 19.6% |
| Earnings per share attributable to Valmont Industries, Inc. diluted | \$ 1.69 | \$ 1.41 | 19.9% | \$ 3.05 | \$ 2.55 | 19.6% |
| Engineered Support Structures segment | | | | | | |
| Net sales | \$162,181 | \$184,146 | -11.9% | \$300,150 | \$327,597 | -8.4% |
| Gross profit | 44,920 | 48,254 | -6.9% | 80,178 | 85,845 | -6.6% |
| SG&A expense | 30,874 | 30,181 | 2.3% | 58,063 | 57,690 | 0.6% |
| Operating income | 14,046 | 18,073 | -22.3% | 22,115 | 28,155 | -21.5% |
| Utility Support Structures segment | | | | | | |
| Net sales | \$198,617 | \$99,869 | 98.9% | \$374,120 | \$200,358 | 86.7% |
| Gross profit | 62,653 | 26,980 | 132.2% | 116,227 | 53,580 | 116.9% |
| SG&A expense | 15,184 | 13,248 | 14.6% | 29,802 | 25,175 | 18.4% |
| Operating income | 47,469 | 13,732 | 245.7% | 86,425 | 28,405 | 204.3% |
| Coatings segment | | | | | | |
| Net sales | \$22,412 | \$30,019 | -25.3% | \$46,281 | \$57,466 | -19.5% |
| Gross profit | 9,958 | 12,409 | -19.8% | 19,437 | 22,341 | -13.0% |
| SG&A expense | 3,565 | 3,324 | 7.3% | 7,053 | 6,710 | 5.1% |
| Operating income | 6,393 | 9,085 | -29.6% | 12,384 | 15,631 | -20.8% |
| Irrigation segment | | | | | | |
| Net sales | \$101,038 | \$159,663 | -36.7% | \$204,095 | \$290,432 | -29.7% |
| Gross profit | 22,028 | 42,136 | -47.7% | 46,320 | 77,279 | -40.1% |
| SG&A expense | 12,194 | 14,117 | -13.6% | 24,474 | 26,865 | -8.9% |
| Operating income | 9,834 | 28,019 | -64.9% | 21,846 | 50,414 | -56.7% |
| Other | | | | | | |
| Net sales | \$14,562 | \$23,432 | -37.9% | \$29,318 | \$43,562 | -32.7% |
| Gross profit | 5,327 | 8,020 | -33.6% | 11,099 | 14,513 | -23.5% |
| SG&A expense | 1,926 | 2,732 | -29.5% | 4,224 | 4,813 | -12.2% |
| Operating income | 3,401 | 5,288 | -35.7% | 6,875 | 9,700 | -29.1% |
| Net Corporate expense | | | | | | |
| Gross profit | \$ (205) | \$ (596) | 65.6% | \$ (264) | \$ (547) | 51.7% |
| SG&A expense | 11,522 | 10,231 | 12.6% | 21,646 | 17,922 | 20.8% |
| Operating loss | (11,727) | (10,827) | -8.3% | (21,910) | (18,469) | -18.6% |

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Overview

On a consolidated basis, net sales for the second quarter and year-to-date periods ended June 27, 2009 were slightly higher as compared with the same periods in 2008. Net sales increases for the thirteen and twenty-six weeks ended June 27, 2009, as compared with the same periods in 2008, resulted from:

the impact of acquisitions completed after the close of the second quarter of 2008 (approximately \$19.2 million and \$36.8 million, respectively) and;

higher selling prices due to steel cost increases that occurred throughout most of 2008. While sales unit prices were higher in 2009, as compared with 2008, pricing levels in 2009 have generally decreased as compared with late 2008, due to pricing pressures associated with weaker sales demand and lower raw material prices.

These increases were offset by:

currency translation effects (approximately \$9.6 million and \$19.3 million, respectively). The U.S. dollar was stronger in relation to the euro, Brazilian real, South African rand and the Canadian dollar in 2009, as compared with 2008, resulting in lower sales when our sales in those currencies were translated into U.S. dollars and;

lower sales unit volumes in 2009, as compared with 2008. On a consolidated basis, sales unit volumes for the thirteen and twenty-six weeks ended June 27, 2009 were approximately 5% less than the same periods in 2008. On a reportable segment basis, we realized a significant sales unit volume increase in the Utility Support Structures ("Utility") segment. The sales unit volume increase in Utility was more than offset by lower unit sales volumes in our other reportable segments. These decreases were mainly due to the global economic recession that began in late 2008, resulting in weaker sales demand for these businesses.

The increase in gross profit margin (gross profit as a percent of sales) in the second quarter and year-to-date period ended June 27, 2009 over the same periods in 2008 was mainly due to the strong sales and operational performance of the Utility segment and a modest gross margins improvement in the Coatings segment. The Irrigation segment reported weaker gross margins in 2009, as compared with 2008, mainly due to lower sales and production levels. Declining raw materials costs throughout the first half of 2009 helped us maintain gross margins to some degree despite weaker sales demand and lower factory production levels in most of our businesses.

Selling, general and administrative (SG&A) spending in 2009 (on a quarterly and year-to-date basis) increased over 2008, due to:

increased salary and benefit costs (approximately \$3.1 million and \$6.2 million, respectively);

the effect of acquisitions completed after the second quarter of 2008 (approximately \$3.0 million and \$5.4 million, respectively), and;

increased deferred compensation expense related to the improved investment performance in the marketable securities underlying the deferred compensation plan as compared with of 2008 (approximately \$1.0 million and \$1.9 million, respectively). We recorded the investment gains and losses in these securities as "Miscellaneous" in our condensed consolidated statements of operations for the thirteen weeks and twenty-six weeks ended June 27, 2009 and June 28, 2008, respectively.

These increases were somewhat offset by:

currency translation effects (approximately \$1.8 million and \$3.3 million, respectively), and;

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lower management incentive accruals in 2009, as compared with 2008 (approximately \$3.8 million and \$4.3 million, respectively)

On a reportable segment basis, the substantial increase in operating income in the Utility segment more than offset decreased operating income of our other segments, resulting in the increased operating income in 2009, as compared with 2008.

Net interest expense for the second quarter and year-to-date periods ended June 27, 2009, were lower than the same periods in 2008. While our second quarter and year-to-date 2009 average borrowing levels were higher than the same periods in 2008, we benefited from lower interest rates on our variable rate debt. "Miscellaneous" income was higher in the second quarter and year-to-date periods ended June 27, 2009, as compared with 2008, due to improved investment performance in the assets in our deferred compensation plan and foreign currency transaction gains realized in 2009.

The decrease in the effective income tax rate for the second quarter and year-to-date periods ended June 27, 2009, as compared with the same periods in 2008, was mainly due to a reduction in the first quarter of 2009 of our income tax contingency liabilities. Our cash flows provided by operations were \$135.6 million for the twenty-six week period ended June 27, 2009, as compared with \$49.5 million for the same period in 2008. Improved net earnings and working capital management in 2009, as compared with 2008, were the main reasons for the improved operating cash flow in 2009.

Engineered Support Structures (ESS) segment

The decrease in ESS segment sales in the quarter and year-to-date periods ended June 27, 2009, as compared with the same periods in 2008, was mainly due to weaker sales demand in worldwide markets and foreign currency translation effects (approximately \$6.1 million and \$11.4 million, respectively). These decreases were offset somewhat by the impact of acquisitions (approximately \$19.2 million and \$36.1 million, respectively) and slightly higher selling prices, as compared with 2008.

In North America, lighting and traffic structure sales were lower than 2008 levels due to decreased demand for lighting and traffic control support structures. In particular, sales demand for lighting structures for residential and commercial outdoor lighting applications were lower in 2009, as compared with 2008, due to weaker residential and commercial construction activity that resulted from the global economic recession and tightness in credit markets. Net sales in the transportation market channel likewise were lower in 2009 as compared with 2008. In addition to the recession in the U.S. economy, we believe that state budget deficits and uncertainty over the U.S. economic stimulus plan also contributed to weaker sales order flows in late 2008 and early 2009, which impacted first and second quarter 2009 shipments. We believe that the impact from the U.S. economic stimulus plan directed towards street and highway construction projects will not be substantial, aside from some potential positive impact of financial aid provided to the various states, which could be used to fund street and highway construction projects. In Europe, sales for the second quarter and year-to-date periods ended June 27, 2009 were comparable with 2008, as the positive impact from the Mitas and Stainton acquisitions in late 2008 were offset by lower sales demand due to economic weakness in Europe and currency translation effects.

Sales of Specialty Structures products in 2009 increased as compared with 2008, on both a quarterly and year-to-date basis. In North America, market conditions for sales of structures and components for the wireless communication market in 2009 were somewhat lower than 2008, but sales were higher due mainly to the acquisition of Site Pro 1 (Site Pro) in July 2008. Sales of wireless communication poles in China in 2009 were comparable to 2008.

In the utility product line, China's sales of utility structures in the China market were lower in 2009, as compared with 2008, offset somewhat by stronger sales of products exported from China.

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The decrease in the operating income of the ESS segment in the second quarter and year-to-date periods ended June 27, 2009, as compared with the same periods in 2008 was mainly due to the decrease in sales volumes in worldwide markets, offset to a degree by the impact of acquisitions (approximately \$2.7 million and \$4.2 million, respectively) and lower raw material costs. For the segment, SG&A expense in the second quarter year-to-date of 2009 was comparable with the same period in 2008, as the impact from acquisitions (approximately \$2.4 million and \$4.5 million, respectively) was offset by currency translation impacts (approximately \$1.4 million and \$2.4 million, respectively) and lower commissions due to lower 2009 sales volumes (approximately \$1.4 million and \$2.5 million, respectively). In response to market conditions, we took actions in 2009 to reduce costs, including decreases in employment levels and reducing production capacity in selected areas. Due to the effect of severance costs and other associated costs, the impact of these actions on operating income in the second quarter and year-to-date periods ended June 27, 2009 was not significant.

Utility Support Structures segment

In the Utility Support Structures segment, the sales increase in the second quarter and year-to-date periods ended June 27, 2009 as compared with the same periods of 2008 was due to continued strong demand for steel and concrete transmission and substation structures and higher average sales prices. We entered the 2009 fiscal year with a record backlog and the strong 2009 sales performance relates directly to the large backlogs from year-end 2008. Our customers, who are mainly utility companies, are continuing their investment commitments in transmission and substation structures which began over the past several years to improve the reliability and capacity of the electrical grid in the U.S. Sales demand for pole structures for electrical distribution was weaker in 2009, as compared with 2008. This weakness relates directly to the downturn in residential and commercial construction in the U.S. that started in late 2008 due to the economic recession and credit crisis.

The improved operating income for this segment in the second quarter and first half of 2009, as compared with the same periods in 2008, related to the increased sales levels, improved operating leverage associated with higher sales volumes and a more favorable sales mix than 2008. The increases in SG&A spending in the second quarter and first half of 2009, as compared with the same periods in 2008, were principally due to higher salary and employee benefit costs (\$0.5 million and \$1.3 million, respectively) to support the higher sales volumes, increased sales commissions associated with the increased sales in 2009 (approximately \$0.6 million and \$1.0 million) and higher employee incentives (approximately \$0.3 million and \$0.8 million, respectively) associated with improved operating income of this segment.

Coatings segment

The decrease in Coatings segment sales in the second quarter and year-to-date periods ended June 27, 2009 as compared with the same periods of 2008 was predominantly due to decreased sales volumes from both internal and external customers along with lower selling prices due to lower per pound zinc costs in 2009, as compared with 2008. The decrease in sales volumes in our galvanizing operations in the second quarter and year-to-date periods ended June 27, 2009 was approximately 18% and 16%, respectively, as compared with the same period in 2008. The decrease in sales demand was related to industrial economic conditions in our served markets due to the U.S. economic recession.

Operating income decreased in the second quarter and first half of 2009, as compared with the same periods in 2008, mainly the result of lower unit sales demand. The impact of lower sales volumes was mitigated by cost reductions in factory operations, which included reduced utilization of contracted temporary workers. SG&A spending in the second quarter and first half of 2009 was comparable with 2008, as the impact of an acquisition completed in the fourth quarter of 2008 was offset by lower management incentive expense.

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Irrigation segment

The sales decreases in the Irrigation segment for the second quarter and first half of 2009, as compared with the same periods in 2008, was mainly due to weaker sales volumes in both domestic and international markets. In 2009, lower farm commodity prices and lower anticipated net farm income in worldwide agricultural markets, as compared 2008, resulted in decreased demand for mechanized irrigation machines in global markets. In addition, we believe that the global economic recession and an uncertain outlook for world economies caused customers to delay capital investments in irrigation technology in 2009. Sales in international irrigation markets were lower in 2009 as compared with 2008, on both a quarterly and year-to-date basis, except for China. In both North American and international markets, average selling prices were slightly lower than last year, due to price competition in our various markets and lower raw material prices. Currency translation effects also contributed to lower irrigation segment sales for the thirteen and twenty-six weeks periods ended June 27, 2009, as compared with 2008 (approximately \$3.5 million and \$7.9 million, respectively).

The decrease in operating income for the thirteen and twenty-six week periods ended June 27, 2009, as compared with the same periods in 2008, was due to the effect of lower sales unit volumes and the associated operating deleverage realized as a result of lower sales and production levels. The decrease in SG&A spending in the second quarter and year-to-date 2009, as compared with 2008, was due to lower incentive expense accruals related to decreased operating income this year (approximately \$1.9 million and \$2.9 million, respectively) and currency translation effects (approximately \$0.4 million and \$0.9 million, respectively), offset somewhat by higher salary and employee benefits costs (approximately \$0.8 million and \$1.4 million, respectively).

Other

These businesses mainly include our tubing and industrial fastener operations. The decreases in sales and operating income in the second quarter and year-to-date 2009, as compared with the same periods in 2008, mainly related to weaker sales of industrial tubing due to the economic recession in the U.S. this year.

Net corporate expense

The increases in net corporate expense for the quarterly and year-to-date periods ended June 27, 2009, as compared with the same periods in 2008, were mainly due to increased deferred compensation liabilities related to higher investment returns on the assets of the deferred compensation plan (approximately \$1.0 million and \$1.9 million, respectively). The investment gains and losses were recorded in "Miscellaneous" in our condensed consolidated statement of earnings for the thirteen and twenty-six week periods ended June 27, 2009 and June 28, 2008. Higher group medical benefit costs in the first quarter of 2009 (approximately \$1.1 million) also contributed to the increase in year-to-date net corporate expense, as compared with 2008.

Liquidity and Capital Resources

Cash Flows

Working Capital and Operating Cash Flows Net working capital was \$477.7 million at June 27, 2009, as compared with \$475.2 million at December 27, 2008. The ratio of current assets to current liabilities was 2.84:1 at June 27, 2009, as compared with 2.69:1 at December 27, 2008. Operating cash flow was \$135.6 million for the twenty-six week period ended June 27, 2009, as compared with \$49.5 million for the same period in 2008. The improved operating cash flow in 2009 was the result of higher net earnings and a lower increase in working capital in 2009, as compared with 2008. Accounts receivable turnover in 2009 was slightly lower than the same period in 2008, mainly due to a shift in our sales mix from irrigation to other product lines. Inventory levels decreased significantly in the first

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half of 2009, as compared to December 27, 2008. In 2008, our inventory levels increased throughout the year due to significant growth in our business and extended delivery lead times from our raw material providers. As demand slowed in most of our businesses, we placed additional focus on reducing our inventories to align them better with current sales demand. We plan to continue to reduce inventories throughout the balance of 2009. Our future inventory levels, however, will depend on business conditions, vendor delivery performance and the overall supply and demand conditions of our key raw material commodities (mainly hot-rolled steel, aluminum and zinc).

Investing Cash Flows Capital spending during the twenty-six weeks ended June 27, 2009 was \$24.6 million, as compared with \$25.4 million for the same period in 2008. We expect our capital spending for the 2009 fiscal year to be approximately \$50 million. Investing cash flows in 2008 reflected the aggregate of \$90.2 million of cash paid for the West Coast and Penn Summit acquisitions.

Financing Cash Flows Our total interest-bearing debt decreased from \$357.6 million at December 27, 2008 to \$277.1 million at June 27, 2009. The decrease in borrowings in 2009 was predominantly associated with payments on our borrowings under our revolving credit agreement and short-term notes payable through our operating cash flows and the absence of acquisition activity in 2009.

Sources of Financing and Capital

We have historically funded our growth, capital spending and acquisitions through a combination of operating cash flows and debt financing. We have an internal long-term objective to maintain long-term debt as a percent of invested capital at or below 40%. At June 27, 2009, our long-term debt to invested capital ratio was 24.1%, as compared with 31.7% at December 27, 2008. Subject to our level of acquisition activity and steel industry operating conditions (which could affect the levels of inventory we need to fulfill customer commitments), we plan to maintain this ratio below 40% in 2009.

Our debt financing at June 27, 2009 consisted primarily of long-term debt. We also maintain certain short-term bank lines of credit totaling \$33.9 million, \$29.6 million of which was unused at June 27, 2009. Our long-term debt principally consists of:

\$150 million of senior subordinated notes that bear interest at 6.875% per annum and are due in May 2014. We are allowed to repurchase all or a portion of the notes at the following redemption prices (stated as a percentage of face value):

| | Redemption Price |
|------------------------------------|-----------------------------|
| Until May 1, 2010 | 103.438% |
| From May 1, 2010 until May 1, 2011 | 102.292% |
| From May 1, 2011 until May 1, 2012 | 101.146% |
| After May 1, 2012 | 100.000% |

These notes are guaranteed by certain of our U.S. subsidiaries.

\$280 million revolving credit agreement with a group of banks. We may increase the credit facility by up to an additional \$100 million at any time, subject to participating banks increasing the amount of their lending commitments. The interest rate on our borrowings will be, at our option, either:

- (a) LIBOR (based on a 1, 2, 3 or 6 month interest period, as selected by us) plus 125 to 200 basis points (inclusive of facility fees), depending on our ratio of debt to earnings before taxes, interest, depreciation and amortization (EBITDA), or;

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(b)

the higher of

The higher of (a) the prime lending rate and (b) the Federal Funds rate plus 50 basis points plus in each case, 25 to 100 basis points (inclusive of facility fees), depending on our ratio of debt to EBITDA, or

LIBOR (based on a 1 week interest period) plus 125 to 200 basis points (inclusive of facility fees), depending on our ratio of debt to EBITDA

At June 27, 2009, we had \$91.0 million in outstanding borrowings under the revolving credit agreement, at an interest rate of 1.59%, not including facility fees. The revolving credit agreement has a termination date of October 16, 2013 and contains certain financial covenants that may limit our additional borrowing capability under the agreement. At June 27, 2009, we had the ability to borrow an additional \$164 million under this facility.

These debt agreements contain covenants that require us to maintain certain coverage ratios and may limit us with respect to certain business activities, including capital expenditures. Our key debt covenants are that interest-bearing debt is not to exceed 3.75x EBITDA of the prior four quarters and that our EBITDA over our prior four quarters must be at least 2.50x our interest expense over the same period. At June 27, 2009, we were in compliance with all covenants related to these debt agreements.

Our businesses are cyclical, but we have diversity in our markets, from a product, customer and a geographical standpoint. We have demonstrated the ability to effectively manage through business cycles and maintain liquidity. We have consistently generated operating cash flows in excess of our capital expenditures. Based on our available credit facilities and our history of positive operational cash flows, we believe that we have adequate liquidity to meet our needs.

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 require additional disclosures about transfers of financial assets. We do not expect FAS 166 to have a material impact on our 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 our financial statements.

Financial Obligations and Financial Commitments

There have been no material changes to our financial obligations and financial commitments as described beginning on page 35 in our Form 10-K for the year ended December 27, 2008.

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Off Balance Sheet Arrangements

There have been no changes in our off balance sheet arrangements as described on page 36 in our Form 10-K for the fiscal year ended December 27, 2008.

Critical Accounting Policies

There have been no changes in our critical accounting policies during the quarter ended June 27, 2009. We described these policies on pages 38-41 in our Form 10-K for fiscal year ended December 27, 2008.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

There were no material changes in the company's market risk during the quarter ended June 27, 2009. For additional information, refer to the section "Risk Management" beginning on page 37 in our Form 10-K for the fiscal year ended December 27, 2008.

Item 4. Controls and Procedures

The Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports the Company files or submits under the Securities Exchange Act of 1934 is (1) accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

There were no changes in the Company's internal controls over financial reporting during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Table of Contents**PART II. OTHER INFORMATION****Item 2. Unregistered Sales of Equity Securities and Use of Proceeds****Issuer Purchases of Equity Securities**

| Period | (a) Total Number of Shares Purchased | (b) Average Price paid per share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | (d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs |
|-------------------------------------|--|--|---|---|
| March 29, 2009 to April 25, 2009 | 13,356 | \$ 63.52 | | |
| April 26, 2009 to May 30, 2009 | 16,879 | 66.62 | | |
| May 31, 2009 to June 27, 2009 | 499 | 65.75 | | |
| Total | 30,734 | \$ 65.26 | | |

During the second quarter, the only shares reflected above were those delivered to the Company by employees as part of stock option exercises, either to cover the purchase price of the option or the related taxes payable by the employee as part of the option exercise. The price paid per share was the market price at the date of exercise.

Item 5. Other Information

On April 27, 2009, the Company's Board of Directors declared a quarterly cash dividend on common stock of 15 cents per share, which was paid on July 15, 2009, to stockholders of record June 26, 2009. The indicated annual dividend rate is 60 cents per share.

Item 6. Exhibits

(a)
Exhibits

| Exhibit No. | Description |
|-------------|---|
| 31.1 | Section 302 Certificate of Chief Executive Officer |
| 31.2 | Section 302 Certificate of Chief Financial Officer |
| 32.1 | Section 906 Certifications of Chief Executive Officer and Chief Financial Officer |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf and by the undersigned hereunto duly authorized.

VALMONT INDUSTRIES, INC.
(Registrant)

/s/ TERRY J. MCCLAIN

Terry J. McClain
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Dated this 31st day of July, 2009.