

VALMONT INDUSTRIES INC

Form 10-Q

October 27, 2016

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

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Form 10-Q

(Mark One)

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

For the quarterly period ended September 24, 2016

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-31429

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Valmont Industries, Inc.

(Exact name of registrant as specified in its charter)

Delaware 47-0351813

(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

One Valmont Plaza,

Omaha, Nebraska 68154-5215

(Address of Principal Executive Offices) (Zip Code)

(402) 963-1000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No   
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non accelerated filer  Smaller reporting company

(Do not check if a  
smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

22,511,043

Outstanding shares of common stock as of October 20, 2016

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VALMONT INDUSTRIES, INC.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES  
PART I. FINANCIAL INFORMATION  
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS  
(Dollars in thousands, except per share amounts)  
(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 26, 2016	September 26, 2015	September 24, 2016	September 26, 2015
Product sales	\$544,828	\$ 560,518	\$1,648,530	\$ 1,776,194
Services sales	65,419	72,057	198,571	208,902
Net sales	610,247	632,575	1,847,101	1,985,096
Product cost of sales	409,003	427,688	1,220,567	1,348,402
Services cost of sales	46,221	48,136	135,425	144,941
Total cost of sales	455,224	475,824	1,355,992	1,493,343
Gross profit	155,023	156,751	491,109	491,753
Selling, general and administrative expenses	101,783	104,539	303,698	327,858
Impairment of goodwill and intangible assets	—	15,200	—	15,200
Operating income	53,240	37,012	187,411	148,695
Other income (expenses):				
Interest expense	(11,100 )	(11,120 )	(33,276 )	(33,480 )
Interest income	771	905	2,289	2,395
Other	878	(1,230 )	452	(242 )
	(9,451 )	(11,445 )	(30,535 )	(31,327 )
Earnings before income taxes	43,789	25,567	156,876	117,368
Income tax expense (benefit):				
Current	18,017	6,746	51,276	37,656
Deferred	(3,749 )	5,272	(1,534 )	5,217
	14,268	12,018	49,742	42,873
Net earnings	29,521	13,549	107,134	74,495
Less: Earnings attributable to noncontrolling interests	(1,348 )	(1,483 )	(3,966 )	(3,817 )
Net earnings attributable to Valmont Industries, Inc.	\$28,173	\$ 12,066	\$ 103,168	\$ 70,678
Earnings per share:				
Basic	\$1.25	\$ 0.52	\$4.56	\$ 3.02
Diluted	\$1.24	\$ 0.52	\$4.54	\$ 3.00
Cash dividends declared per share	\$0.375	\$ 0.375	\$1.125	\$ 1.125
Weighted average number of shares of common stock outstanding - Basic (000 omitted)	22,505	23,057	22,602	23,420
Weighted average number of shares of common stock outstanding - Diluted (000 omitted)	22,659	23,170	22,741	23,534

See accompanying notes to condensed consolidated financial statements.

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

(Dollars in thousands)

(Unaudited)

	Thirteen Weeks Ended September 24, 2016		Thirty-nine Weeks Ended September 26, 2015	
Net earnings	\$29,521	\$ 13,549	\$107,134	\$ 74,495
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments:				
Unrealized translation gain (loss)	770	(53,518 )	(1,938 )	(93,368 )
Unrealized gain/(loss) on hedging activities:				
Net investment hedge	1,972	—	4,897	—
Amortization cost included in interest expense	18	18	56	55
Realized (gain) loss on cash flow hedge included in net earnings during the period	—	(439 )	—	(439 )
Gain on cash flow hedges	—	110	—	1,155
Other comprehensive income (loss)	2,760	(53,829 )	3,015	(92,597 )
Comprehensive income (loss)	32,281	(40,280 )	110,149	(18,102 )
Comprehensive loss (income) attributable to noncontrolling interests	(1,618 )	847	(5,732 )	206
Comprehensive income (loss) attributable to Valmont Industries, Inc.	\$30,663	\$ (39,433 )	\$104,417	\$ (17,896 )

See accompanying notes to condensed consolidated financial statements.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

(Unaudited)

	September 24, 2016	December 26, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 349,375	\$ 349,074
Receivables, net	455,692	466,443
Inventories	379,625	340,672
Prepaid expenses, restricted cash, and other assets	69,231	46,137
Refundable income taxes	20,342	24,526
Total current assets	1,274,265	1,226,852
Property, plant and equipment, at cost	1,120,350	1,081,056
Less accumulated depreciation and amortization	594,710	548,567
Net property, plant and equipment	525,640	532,489
Goodwill	327,863	336,916
Other intangible assets, net	152,469	170,197
Other assets	103,806	125,928
Total assets	\$ 2,384,043	\$ 2,392,382

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:

Current installments of long-term debt	\$ 895	\$ 1,077
Notes payable to banks	853	976
Accounts payable	170,888	179,983
Accrued employee compensation and benefits	69,549	70,354
Accrued expenses	109,285	105,593
Dividends payable	8,455	8,571
Total current liabilities	359,925	366,554
Deferred income taxes	28,822	35,669
Long-term debt, excluding current installments	755,584	756,918
Defined benefit pension liability	156,524	179,323
Deferred compensation	47,783	48,417
Other noncurrent liabilities	33,104	40,290

Shareholders' equity:

Preferred stock of \$1 par value - Authorized 500,000 shares; none issued	—	—
Common stock of \$1 par value - Authorized 75,000,000 shares; 27,900,000 issued	27,900	27,900
Retained earnings	1,811,947	1,729,679
Accumulated other comprehensive loss	(265,969	) (267,218 )
Treasury stock	(610,680	) (571,920 )
Total Valmont Industries, Inc. shareholders' equity	963,198	918,441
Noncontrolling interest in consolidated subsidiaries	39,103	46,770
Total shareholders' equity	1,002,301	965,211
Total liabilities and shareholders' equity	\$ 2,384,043	\$ 2,392,382

See accompanying notes to condensed consolidated financial statements.



VALMONT INDUSTRIES, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Dollars in thousands)  
 (Unaudited)

	Thirty-nine Weeks Ended	
	September 24, 2016	September 26, 2015
Cash flows from operating activities:		
Net earnings	\$ 107,134	\$ 74,495
Adjustments to reconcile net earnings to net cash flows from operations:		
Depreciation and amortization	61,242	70,859
Noncash loss on trading securities	973	5,020
Impairment of assets - restructuring activities	618	12,659
Impairment of goodwill & intangible assets	—	15,200
Stock-based compensation	6,572	5,667
Change in fair value of contingent consideration	(3,527 )	—
Defined benefit pension plan expense (benefit)	1,486	(460 )
Contribution to defined benefit pension plan	(712 )	(15,735 )
Increase in restricted cash - pension plan trust	(13,652 )	—
Gain on sale of property, plant and equipment	250	1,263
Deferred income taxes	(1,534 )	5,217
Changes in assets and liabilities:		
Receivables	16,436	5,551
Inventories	(34,413 )	(25,447 )
Prepaid expenses and other assets	(10,624 )	5,275
Accounts payable	(11,338 )	832
Accrued expenses	3,272	7,368
Other noncurrent liabilities	240	887
Income taxes refundable	4,831	14,171
Net cash flows from operating activities	127,254	182,822
Cash flows from investing activities:		
Purchase of property, plant and equipment	(42,233 )	(34,447 )
Proceeds from sale of assets	3,938	3,256
Other, net	(2,824 )	5,980
Net cash flows from investing activities	(41,119 )	(25,211 )
Cash flows from financing activities:		
Net borrowings under short-term agreements	(128 )	(12,322 )
Proceeds from long-term borrowings	—	37,000
Principal payments on long-term borrowings	(1,563 )	(37,878 )
Dividends paid	(25,604 )	(26,708 )
Dividends to noncontrolling interest	(2,527 )	(2,323 )
Purchase of noncontrolling interest	(11,009 )	—
Purchase of treasury shares	(46,581 )	(148,220 )
Proceeds from exercises under stock plans	6,509	10,902
Excess tax benefits from stock option exercises	—	1,458
Purchase of common treasury shares—stock plan exercises	(1,453 )	(12,135 )
Net cash flows from financing activities	(82,356 )	(190,226 )
Effect of exchange rate changes on cash and cash equivalents	(3,478 )	(26,113 )



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Net change in cash and cash equivalents	301	(58,728	)
Cash and cash equivalents—beginning of year	349,074	371,579	
Cash and cash equivalents—end of period	\$349,375	\$ 312,851	

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 comprehensivestock income (loss)	Treasury stock	Noncontrolling interest in consolidated subsidiaries	Total shareholders' equity
Balance at December 27, 2014	\$ 27,900	\$ —	\$ 1,718,662	\$ (134,433 )	\$(410,296)	\$ 48,572	\$ 1,250,405
Net earnings	—	—	70,678	—	—	3,817	74,495
Other comprehensive income (loss)	—	—	—	(88,574 )	—	(4,023 )	(92,597 )
Cash dividends declared	—	—	(26,249 )	—	—	—	(26,249 )
Dividends to noncontrolling interests	—	—	—	—	—	(2,323 )	(2,323 )
Purchase of treasury shares; 1,236,771 shares acquired	—	—	—	—	(148,220 )	—	(148,220 )
Stock plan exercises; 98,367 shares acquired	—	—	—	—	(12,135 )	—	(12,135 )
Stock options exercised; 138,657 shares issued	—	(11,078 )	4,530	—	17,450	—	10,902
Tax benefit from stock option exercises	—	1,458	—	—	—	—	1,458
Stock option expense	—	3,936	—	—	—	—	3,936
Stock awards; 5,943 shares issued	—	5,684	—	—	421	—	6,105
Balance at September 26, 2015	\$ 27,900	\$ —	\$ 1,767,621	\$ (223,007 )	\$(552,780)	\$ 46,043	\$ 1,065,777
Balance at December 26, 2015	\$ 27,900	\$ —	\$ 1,729,679	\$ (267,218 )	\$(571,920)	\$ 46,770	\$ 965,211
Net earnings	—	—	103,168	—	—	3,966	107,134
Other comprehensive income (loss)	—	—	—	1,249	—	1,766	3,015
Cash dividends declared	—	—	(25,482 )	—	—	—	(25,482 )
Dividends to noncontrolling interests	—	—	—	—	—	(2,527 )	(2,527 )
Purchase of noncontrolling interests	—	(137)	—	—	—	(10,872 )	(11,009 )
Purchase of treasury shares; 384,622 shares acquired	—	—	—	—	(46,581 )	—	(46,581 )
Stock plan exercises; 10,747 shares acquired	—	—	—	—	(1,453 )	—	(1,453 )
Stock options exercised; 68,631 shares issued	—	(6,435 )	4,582	—	8,362	—	6,509
Stock option expense	—	4,358	—	—	—	—	4,358
Stock awards; 6,725 shares issued	—	2,214	—	—	912	—	3,126
Balance at September 24, 2016	\$ 27,900	\$ —	\$ 1,811,947	\$ (265,969 )	\$(610,680)	\$ 39,103	\$ 1,002,301

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 September 24, 2016, the Condensed Consolidated Statements of Earnings and Comprehensive Income for the thirteen and thirty-nine weeks ended September 24, 2016 and September 26, 2015, and the Condensed Consolidated Statements of Cash Flows and Shareholders' Equity for the thirty-nine 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 September 24, 2016 and for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 26, 2015. 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 26, 2015. The results of operations for the period ended September 24, 2016 are not necessarily indicative of the operating results for the full year.

Inventories

Approximately 38% and 39% of inventory is valued at the lower of cost, determined on the last-in, first-out (LIFO) method, or market as of September 24, 2016 and December 26, 2015. All other inventory is valued at the lower of cost, determined on the first-in, first-out (FIFO) method or market. Finished goods and manufactured goods inventories include the costs of acquired raw materials and related factory labor and overhead charges required to convert raw materials to manufactured and finished goods. The excess of replacement cost of inventories over the LIFO value is approximately \$38,267 and \$35,075 at September 24, 2016 and December 26, 2015, respectively.

Inventories consisted of the following:

	September 24, 2016	December 26, 2015
Raw materials and purchased parts	\$ 174,442	\$ 162,977
Work-in-process	26,079	25,644
Finished goods and manufactured goods	217,371	187,126
Subtotal	417,892	375,747
Less: LIFO reserve	38,267	35,075
	\$ 379,625	\$ 340,672

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 (Continued)

## Income Taxes

Earnings before income taxes and equity in earnings of nonconsolidated subsidiaries for the thirteen and thirty-nine weeks ended September 24, 2016 and September 26, 2015, were as follows:

	Thirteen Weeks		Thirty-nine Weeks	
	Ended		Ended	
	2016	2015	2016	2015
United States	\$21,550	\$26,343	\$105,390	\$92,625
Foreign	22,239	(776 )	51,486	24,743
	\$43,789	\$25,567	\$156,876	\$117,368

## Pension Benefits

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

The components of the net periodic pension (benefit) expense for the thirteen and thirty-nine weeks ended September 24, 2016 and September 26, 2015 were as follows:

	Thirteen Weeks		Thirty-nine Weeks	
	Ended		Ended	
	2016	2015	2016	2015
Net periodic (benefit) expense:				
Interest cost	\$6,092	\$6,186	\$19,134	\$18,486
Expected return on plan assets	(5,565 )	(6,341 )	(17,648 )	(18,946 )
Net periodic (benefit) expense	\$527	\$(155 )	\$1,486	\$(460 )

## Stock Plans

The Company maintains stock based compensation plans approved by the shareholders, which provide that the Human Resource Committee of the Board of Directors may grant incentive stock options, nonqualified stock options, stock appreciation rights, non-vested stock awards and bonuses of common stock. At September 24, 2016, 884,562 shares of common stock remained available for issuance under the plans. Shares and options issued and available are subject to changes in capitalization.

Under the plans, the exercise price of each option equals the closing market price at the date of the grant. Options vest beginning on the first anniversary of the grant in equal amounts over three to six years or on the fifth anniversary of the grant.

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 (Continued)

Expiration of grants is from seven to ten years from the date of grant. The Company's compensation expense (included in selling, general and administrative expenses) and associated income tax benefits related to stock options for the thirteen and thirty-nine weeks ended September 24, 2016 and September 26, 2015, respectively, were as follows:

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	2016	2015	2016	2015
Compensation expense	\$ 1,399	\$ 1,283	\$ 4,358	\$ 3,936
Income tax benefits	539	494	1,678	1,515

Equity Method Investments

The Company has equity method investments in non-consolidated subsidiaries, which are recorded within "Other assets" on the Condensed Consolidated Balance Sheet.

Fair Value

The Company applies the provisions of Accounting Standards Codification 820, Fair Value Measurements ("ASC 820") which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to other accounting pronouncements that require or permit fair value measurements. As defined in ASC 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 establishes a three level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including 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 of \$36,925 (\$37,963 at December 26, 2015) represent mutual funds, invested in debt and equity securities, classified as trading securities in accordance with Accounting Standards Codification 320, Accounting for Certain Investments in Debt and Equity Securities, considering the employee's ability to change investment allocation of their deferred compensation at any time.

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 (Continued)

The Company's ownership of shares in Delta EMD Pty. Ltd. (JSE:DTA) is also classified as trading securities. The shares are valued at \$1,721 and \$4,734 as of September 24, 2016 and December 26, 2015, respectively, which is the estimated fair value. During the first quarter of 2016, the Company received a dividend of \$1,541 from Delta EMD Pty. Ltd and the market price of the shares were proportionately reduced accordingly. Quoted market prices are available for these securities in an active market and therefore categorized as a Level 1 input.

Carrying Value	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)
September 24, 2016			

Assets:

Trading Securities	\$ 38,646	\$ 38,646	\$ —	\$ —
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Fair Value Measurement Using:

Carrying Value	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)
December 26, 2015			

Assets:

Trading Securities	\$ 42,697	\$ 42,697	\$ —	\$ —
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Comprehensive Income

Comprehensive income includes net earnings, currency translation adjustments, certain derivative-related activity and changes in net actuarial gains/losses from a pension plan. Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and liabilities are translated at the exchange rates in effect on the balance sheet dates. Accumulated other comprehensive income (loss) consisted of the following at September 24, 2016 and December 26, 2015:

	Foreign Currency Translation Adjustments	Gain on Hedging Activities	Defined Benefit Pension Plan	Accumulated Other Comprehensive Income
Balance at December 26, 2015	\$ (191,928 )	\$ 3,678	\$ (78,968)	\$ (267,218 )
Current-period comprehensive income (loss)	(14,070 )	4,953	10,366	1,249

Balance at September 24, 2016 \$ (205,998 ) \$ 8,631

to conform the terms of the indenture or the debt securities to the description thereof contained in this prospectus and any other offering document relating to the offer and sale of those debt securities. (*Section 9.01*).

The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may waive our compliance with some of the restrictive provisions of the indenture, which may include covenants, if any, which are specified in the applicable prospectus supplement. The holders of a majority in aggregate principal amount of the outstanding debt securities of any series may, on behalf of all holders of debt securities of that series, waive any past default under the indenture with respect to the debt securities of that series and its consequences, except a default (i) in the payment of the principal of, or premium, if any, or interest, if any, on the debt securities of that series or (ii) in respect of a covenant or provision which cannot be modified or amended without the consent of the holder of each outstanding debt security of the affected series. (*Sections 5.13 and 10.08*).

The indenture contains provisions for convening meetings of the holders of a series of debt securities. A meeting may be called at any time by the trustee or the securities agent, and also, upon our request, or the request of holders of at least 10% in aggregate principal amount of the outstanding debt securities of a series. Notice of a meeting must be given in accordance with the provisions of the indenture. Except for any consent or waiver which must be given by the holder of each outstanding debt security affected in the manner described above, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum, as described below, is present may be adopted by the affirmative vote of the holders of a majority in aggregate principal amount of the outstanding debt securities of that series. However, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver, or other action which may be made, given or taken by the holders of a specified percentage, other than a majority, in aggregate principal amount of the outstanding debt



securities of a series may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of that specified percentage in aggregate principal amount of the outstanding debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the indenture will be binding on all holders of debt securities of that series and the related coupons, if any. (*Sections 13.01, 13.02 and 13.04*).

**Table of Contents**

**Defaults and Certain Rights on Default**

An Event of Default is defined under the indenture as any of the following:

default for 30 days in payment of any interest;

default in payment of principal or premium, if any;

default for 60 days after notice in performance of any other covenant in the indenture;

certain events of bankruptcy, insolvency, receivership or reorganization; and

any other event of default established for the debt securities of that series.

We will furnish to the trustee and the securities agent annually a written statement as to the fulfillment of our obligations under the indenture. In case an Event of Default with respect to debt securities of any series at the time outstanding occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the debt securities of such series then outstanding may declare the principal of all the debt securities of such series to be due and payable. The indenture permits such declaration, under certain circumstances, to be rescinded by the holders of a majority in principal amount of the debt securities of the series at the time outstanding. (*Sections 5.01, 5.02 and 10.04*).

Subject to the provisions of the indenture relating to the duties of the trustee and the securities agent in case an Event of Default occurs and is continuing, the indenture provides that the trustee and securities agent are not obligated to exercise any of the rights or powers under the indenture at the request or direction of any of the holders of debt securities, unless the holders have offered to the trustee or securities agent, as applicable, reasonable security or indemnity.

Subject to the provisions for indemnification and certain limitations contained in the indenture, the holders of a majority in principal amount of the debt securities of any series at the time outstanding and so affected have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or securities agent or exercising any trust or power conferred on the trustee with respect to the debt securities of such series.

The holders of a majority in principal amount of the debt securities of any series at the time outstanding and so affected may, in certain cases, waive any default except a default in payment of principal of or premium, if any, or interest, if any, on the debt securities of such series. (*Sections 5.12, 5.13 and 6.03*).

**Satisfaction and Discharge; Defeasance**

*Satisfaction and Discharge*

We may satisfy and discharge our obligations under the indenture by delivering to the securities agent for cancellation all outstanding debt securities of a particular series or by depositing with the securities agent or delivering to the

holders, as applicable, after debt securities of a particular series have become due and payable, whether at the maturity date or otherwise, cash sufficient to pay all of the outstanding debt securities of that series and paying all other sums payable under the indenture by us. Such discharge is subject to the other terms contained in the indenture, including the requirement that we provide an officers' certificate and opinion of counsel to the trustee and securities agent that all of the conditions precedent to the satisfaction and discharge have been satisfied. (*Section 4.01*).

*Covenant Defeasance and Discharge*

Additionally, at our option, either (a) we are discharged (as described below) from our obligations with respect to the outstanding debt securities of a particular series or (b) we have no obligation to comply with

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certain covenants in the indenture and, if applicable, other covenants as may be specified in the applicable prospectus supplement at any time after the applicable conditions set forth below have been satisfied:

we have deposited irrevocably with the securities agent (or another trustee satisfying the requirements of the indenture) (i) money in an amount, or (ii) Government Obligations (as defined in the indenture) that through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than the opening of business on the due date of any payment, money in an amount, or (iii) a combination of (i) and (ii), sufficient (in the opinion of a nationally recognized registered public accounting firm) to pay and discharge each installment of and premium, if any, and interest on, the outstanding debt securities of the applicable series on the dates such installments of interest or principal and premium are due;

no Event of Default or default which with notice or lapse of time or both would become an Event of Default with respect to debt securities of the applicable series has occurred and is continuing on the date of such deposit; and, in the case of debt securities being discharged, no Event of Default arising from specified events of bankruptcy, insolvency, or reorganization with respect to us or default which with notice or lapse of time or both would become such an Event of Default shall have occurred and be continuing during the period ending on the 91st day after the date of such deposit; and

if required for a series of debt securities, we have delivered to the trustee and the securities agent an opinion of counsel to the effect that holders of debt securities of the applicable series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of our exercise of our option as described in this paragraph and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such action had not been exercised. (*Section 4.03*).

Discharged means that we are deemed to have paid and discharged the applicable debt securities and to have satisfied all the obligations under the indenture, except (a) the rights of holders of the debt securities to receive, from the trust fund, payment of the principal of and premium, if any, and interest on such debt securities when such payments are due, (b) certain of our obligations with respect to transfer and exchange of the debt securities and (c) the rights, powers, trusts, duties and immunities of the trustee under the indenture.

The applicable prospectus supplement may further describe the provisions, if any, permitting or restricting discharge or covenant defeasance with respect to the debt securities of a particular series.

## **Governing Law**

The indenture is, and the debt securities will be, governed by, and construed in accordance with, the laws of the State of New York. The indenture is also subject to provisions of the Trust Indenture Act that are required to be part of the indenture and is governed by such provisions. (*Section 1.12*).

## **Concerning the Trustee**

The trustee has banking affiliates with which we may from time to time maintain credit facilities or other ordinary banking relationships.



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**PLAN OF DISTRIBUTION**

We may sell the debt securities offered by this prospectus (a) through agents; (b) through underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale. We will identify the specific plan of distribution, including any underwriters, dealers or agents and their compensation in a prospectus supplement.

**LEGAL OPINION**

The validity of the debt securities offered by this prospectus will be passed upon for us by Sidley Austin LLP. Any underwriters will also be advised about the validity of the debt securities and other legal matters by their own counsel, which will be named in the prospectus supplement.

**EXPERTS**

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2017 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the SEC, which the SEC maintains in the SEC's File No. 1-35166. You can read and copy any document we file at the SEC's public reference room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's website at <http://www.sec.gov>.

The SEC allows us to incorporate by reference into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any information deemed to be furnished and not filed in accordance with SEC rules) until our offering is completed:

Annual Report on Form 10-K for the fiscal year ended December 31, 2017;

Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018; and

Definitive Proxy Statement on Schedule 14A filed on March 14, 2018.

You may request a copy of these filings, at no cost other than for exhibits of such filings, by writing to or telephoning us at the following address (or by visiting our website at <http://www.fbhs.com>):

Fortune Brands Home & Security, Inc.

Edgar Filing: VALMONT INDUSTRIES INC - Form 10-Q

Office of the Secretary

520 Lake Cook Road

Deerfield, Illinois 60015

Telephone number (847) 484-4400

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We have filed with the SEC a registration statement to register the debt securities under the Securities Act. This prospectus omits certain information contained in the registration statement, as permitted by SEC rules. You may obtain copies of the registration statement, including exhibits, as noted above. The contents of our website are not incorporated by reference into this prospectus for any purpose.



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**\$600,000,000**

**4.000% Senior Notes due 2023**

**PROSPECTUS SUPPLEMENT**

*Joint Book-Running Managers*

**BofA Merrill Lynch**

**J.P. Morgan**

**Barclays**

**Citigroup**

**Credit Suisse**

**Wells Fargo Securities**

*Co-Managers*

**Mizuho Securities**

**PNC Capital Markets LLC**

**Scotiabank**

**TD Securities**

**MUFG**

**US Bancorp**

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**Citizens Capital Markets**

**The Williams Capital Group, L.P.**

September 19, 2018