

VALSPAR CORP
Form 10-Q
June 10, 2015
Table of Contents
- 1 -

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended May 1, 2015

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 1-3011

THE VALSPAR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-2443580
(I.R.S. Employer
Identification No.)

1101 3rd Street South,
Minneapolis, Minnesota
(Address of principal executive offices)

55415
(Zip Code)

(612) 851-7000
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No
Indicate by check mark whether the registrant 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
Non-accelerated filer

Accelerated filer
Smaller reporting company

Edgar Filing: VALSPAR CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). "

Yes No

As of June 2, 2015, The Valspar Corporation had 80,355,810 shares of common stock outstanding, excluding 38,086,814 shares held in treasury. The company had no other classes of stock outstanding.

THE VALSPAR CORPORATION

Index to Form 10-Q
for the Quarter Ended May 1, 2015

PART I.	<u>FINANCIAL INFORMATION</u>	Page No.
Item 1.	<u>Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets – May 1, 2015, October 31, 2014 and April 25, 2014</u>	<u>3</u>
	<u>Condensed Consolidated Statements of Operations – Three and six months ended May 1, 2015 and April 25, 2014</u>	<u>5</u>
	<u>Condensed Consolidated Statements of Comprehensive Income – Three and six months ended May 1, 2015 and April 25, 2014</u>	<u>6</u>
	<u>Condensed Consolidated Statements of Cash Flows – Six months ended May 1, 2015 and April 25, 2014</u>	<u>7</u>
	<u>Notes to Condensed Consolidated Financial Statements – May 1, 2015</u>	<u>8</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>21</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>31</u>
Item 4.	<u>Controls and Procedures</u>	<u>31</u>
PART II.	<u>OTHER INFORMATION</u>	
Item 1.	<u>Legal Proceedings</u>	<u>31</u>
Item 1A.	<u>Risk Factors</u>	<u>31</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>32</u>
Item 6.	<u>Exhibits</u>	<u>33</u>
	<u>SIGNATURES</u>	<u>34</u>

Table of Contents

- 3 -

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE VALSPAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ASSETS	May 1, 2015 (Unaudited)	October 31, 2014 (Note)	April 25, 2014 (Unaudited)
CURRENT ASSETS:			
Cash and cash equivalents	\$ 146,279	\$ 128,203	\$ 116,503
Restricted cash	1,532	2,868	2,966
Accounts and notes receivable less allowance (5/1/15 - \$10,851; 10/31/14 - \$10,585; 4/25/14 - \$14,694)	823,014	840,447	852,678
Inventories	494,355	486,262	497,579
Deferred income taxes	28,621	28,898	40,754
Prepaid expenses and other	105,333	90,579	112,018
TOTAL CURRENT ASSETS	1,599,134	1,577,257	1,622,498
GOODWILL	1,081,255	1,125,824	1,144,042
INTANGIBLES, NET	575,939	592,512	603,978
OTHER ASSETS	108,881	83,072	76,527
LONG-TERM DEFERRED INCOME TAXES	6,570	10,184	7,021
Property, plant and equipment, gross	1,536,419	1,629,753	1,679,475
Less accumulated depreciation	(929,338) (984,651) (1,041,379
PROPERTY, PLANT AND EQUIPMENT, NET	607,081	645,102	638,096
TOTAL ASSETS	\$3,978,860	\$4,033,951	\$4,092,162

NOTE: The Balance Sheet at October 31, 2014 has been derived from the audited consolidated financial statements at that date.

See Notes to Condensed Consolidated Financial Statements

Table of Contents

- 4 -

THE VALSPAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS - CONTINUED
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

LIABILITIES AND STOCKHOLDERS' EQUITY	May 1, 2015 (Unaudited)	October 31, 2014 (Note)	April 25, 2014 (Unaudited)
CURRENT LIABILITIES:			
Short-term debt	\$273,840	\$443,854	\$556,672
Current portion of long-term debt	162,502	162,502	—
Trade accounts payable	550,361	600,875	606,614
Income taxes payable	47,829	26,017	33,810
Other accrued liabilities	367,475	471,173	382,000
TOTAL CURRENT LIABILITIES	1,402,007	1,704,421	1,579,096
LONG-TERM DEBT, NET OF CURRENT PORTION	1,350,005	950,035	1,092,419
LONG-TERM DEFERRED INCOME TAXES	215,789	219,261	238,664
OTHER LIABILITIES	139,693	149,143	134,117
TOTAL LIABILITIES	3,107,494	3,022,860	3,044,296
STOCKHOLDERS' EQUITY:			
Common stock (par value – \$0.50; authorized – 250,000,000 shares; shares issued, including shares in treasury – 118,442,624)	59,220	59,220	