

VALSPAR CORP  
Form 10-Q  
September 09, 2009  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

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FORM 10-Q

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

For the quarterly period ended July 31, 2009

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES 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.)

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901 3rd Avenue South

Minneapolis, MN 55402

(Address of principal executive offices, including zip code)

612/851-7000

(Registrant's telephone number, including area code)

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 (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Non-accelerated filer

Accelerated filer

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

As of September 2, 2009, The Valspar Corporation had 100,829,218 shares of common stock outstanding, excluding 17,613,406 shares held in treasury. We had no other classes of stock outstanding.

THE VALSPAR CORPORATION

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for the Quarter Ended July 31, 2009

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

## THE VALSPAR CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS (DOLLARS IN THOUSANDS)

<u>ASSETS</u>	July 31, 2009 (Unaudited)	July 25, 2008 (Unaudited)	October 31, 2008 (Note)
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 127,305	\$ 101,114	\$ 90,073
Accounts and notes receivable less allowance (7/31/09-\$21,701; 7/25/08-\$12,760; 10/31/08-\$16,389)	548,985	651,925	565,237
Inventories:			
Manufactured products	140,883	193,965	153,325
Raw materials, supplies and work-in-process	93,208	113,676	118,098
Total inventories	234,091	307,641	271,423
Deferred income taxes	33,149	28,552	31,989
Prepaid expenses and other	88,647	92,539	88,298
<b>TOTAL CURRENT ASSETS</b>	<b>1,032,177</b>	<b>1,181,771</b>	<b>1,047,020</b>
GOODWILL	1,334,586	1,379,393	1,352,813
INTANGIBLES, NET	630,202	607,924	619,468
OTHER ASSETS	5,003	15,597	7,123
LONG-TERM DEFERRED INCOME TAXES	3,100	2,264	3,902
PROPERTY, PLANT AND EQUIPMENT	1,053,170	1,058,117	1,036,460
Less accumulated depreciation	(593,304)	) (546,777	) (546,744 )
<b>NET PROPERTY, PLANT AND EQUIPMENT</b>	<b>459,866</b>	<b>511,340</b>	<b>489,716</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,464,934</b>	<b>\$ 3,698,289</b>	<b>\$ 3,520,042</b>

NOTE: The Balance Sheet at October 31, 2008 has been derived from the audited consolidated financial statements at that date.

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED BALANCE SHEETS - CONTINUED

(DOLLARS IN THOUSANDS)

<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>	July 31, 2009 (Unaudited)	July 25, 2008 (Unaudited)	October 31, 2008 (Note)
<b>CURRENT LIABILITIES:</b>			
Notes payable and commercial paper	\$ 7,213	\$ 301,105	\$ 159,514
Current portion of long-term debt		19	12
Trade accounts payable	305,755	436,897	400,763
Income taxes	21,337	8,089	29,156
Accrued liabilities	310,723	264,228	290,898
<b>TOTAL CURRENT LIABILITIES</b>	<b>645,028</b>	<b>1,010,338</b>	<b>880,343</b>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION</b>	<b>872,169</b>	<b>783,744</b>	<b>763,129</b>
<b>DEFERRED INCOME TAXES</b>	<b>233,092</b>	<b>223,752</b>	<b>224,764</b>
<b>DEFERRED LIABILITIES</b>	<b>154,294</b>	<b>160,576</b>	<b>165,361</b>
<b>TOTAL LIABILITIES</b>	<b>1,904,583</b>	<b>2,178,410</b>	<b>2,033,597</b>
<b>HUARUN REDEEMABLE STOCK</b>	<b>43,531</b>	<b>46,219</b>	<b>33,577</b>
<b>STOCKHOLDERS EQUITY:</b>			
Common Stock (Par Value - \$0.50; Authorized 250,000,000 shares; Shares issued, including shares in treasury 118,442,624)	59,220	59,220	59,220
Additional paid-in capital	338,601	322,486	331,083
Retained earnings	1,235,184	1,158,404	1,180,011
Other	82,988	145,593	90,036
Less cost of Common Stock in treasury (7/31/09- 17,703,937 shares; 7/25/08-18,855,276 shares; 10/31/08-18,449,741 shares)	(199,173 )	(212,043 )	(207,482 )
<b>TOTAL STOCKHOLDERS EQUITY</b>	<b>1,516,820</b>	<b>1,473,660</b>	<b>1,452,868</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 3,464,934</b>	<b>\$ 3,698,289</b>	<b>\$ 3,520,042</b>

NOTE: The Balance Sheet at October 31, 2008 has been derived from the audited consolidated financial statements at that date.

See Notes to Condensed Consolidated Financial Statements

THE VALSPAR CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(DOLLARS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	July 31, 2009	July 25, 2008	July 31, 2009	July 25, 2008
Net sales	\$ 794,580	\$ 957,683	\$ 2,102,461	\$ 2,559,186