

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended September 24, 1994

Commission File Number 0-3701

VALMONT INDUSTRIES, INC.

Incorporated under the laws of the State of Delaware

I.R.S. Employer Identification Number 47-0351813

Valley, Nebraska 68064

Registrant's telephone number, including area code (402) 359-2201

Indicate by check mark whether the registrant (1) has filed all reports to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months, and (2) has been subject to such filing requirements for the past ninety days.
Yes No

As of October 17, 1994 there were outstanding 11,543,426 common shares of the registrant.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(Dollars in thousands except per share amounts)
(Unaudited)

	September 24, December 25,	
ASSETS	1994	1993

Current assets:		
Cash and cash equivalents	\$ 29,728	14,018
Receivables, net	73,069	70,159
Deferred income taxes	7,667	9,740
Inventories	55,586	69,913
Prepaid expenses	1,020	1,942
	-----	-----
Total current assets	167,070	165,772
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Other assets:		
Investments in nonconsolidated affiliates	3,288	261

Other	4,669	7,785
Total other assets	7,957	8,046
Net property, plant and equipment	80,722	72,831
Total assets	\$ 255,749	246,649
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts and notes payable	\$ 47,176	42,404
Other current liabilities	35,520	41,063
Total current liabilities	82,696	83,467
Deferred income taxes	8,963	8,593
Long-term debt, excl. current installments	37,598	38,419
Minority interest in consolidated subsidiaries	463	536
Other noncurrent liabilities	2,539	2,242
Shareholders' equity:		
Preferred stock of \$1 par value.		
Authorized 500,000 shares; none issued	--	--
Common stock of \$1 par value.		
Authorized 36,000,000 shares;		
issued 12,000,000 shares	12,000	12,000
Additional paid-in capital	1,829	1,101
Retained earnings	108,473	99,880
Currency translation adjustment	1,960	557
Less:	124,262	113,538
Cost of common shares in treasury--		
456,574 in 1994 (463,602 in 1993)	686	29
Unearned restricted stock	86	117
Total shareholders' equity	123,490	113,392
Total liabilities and shareholders' equity	\$ 255,749	246,649

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations
(Dollars in thousands except per share amounts)
(Unaudited)

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	September 24, 1994	September 25, 1993	September 24, 1994	September 25, 1993
Net sales	\$109,852	107,212	343,004	330,100
Cost of sales	83,593	83,174	264,814	254,210
Gross profit	26,259	24,038	78,190	75,890
Selling, general and administrative expenses	19,965	18,467	58,214	57,658
Operating income	6,294	5,571	19,976	18,232
Other income (deductions):				
Interest expense	(1,306)	(1,270)	(3,881)	(4,411)
Interest income	189	220	439	551
Miscellaneous, including sale of property	859	(370)	1,193	(68)
	(258)	(1,420)	(2,249)	(3,928)
Earnings before income taxes, discontinued operations and cumulative effect of accounting change	6,036	4,151	17,727	14,304
Income tax expense:				
Current	2,853	1,105	5,645	3,586
Deferred	(675)	373	888	1,414

	2,178	1,478	6,533	5,000
Earnings from continuing operations	3,858	2,673	11,194	9,304
Earnings (loss) from discontinued operations, net of tax	--	(333)	--	4,637
Cumulative effect of accounting change	--	--	--	(4,910)
Net earnings	\$ 3,858	2,340	11,194	9,031
Earnings (loss) per share:				
Continuing operations	\$ 0.33	0.23	0.96	0.80
Discontinued operations	--	(0.03)	--	0.39
Cumulative effect of accounting change	--	--	--	(0.42)
Net earnings	\$ 0.33	0.20	0.96	0.77
Cash dividends per share	\$ 0.075	0.075	0.225	0.215
Weighted average number of shares of common stock outstanding (000 omitted)	11,664	11,643	11,673	11,671

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Thirty-nine Weeks Ended	
	September 24, 1994	September 25, 1993
Net cash provided (used) by operations	\$ 32,521	(15,856)
Cash flows from investment activities:		
Purchase of property, plant & equipment	(15,502)	(10,091)
Proceeds from sale of Inacom	--	47,557
Additions to other assets	(389)	(1,067)
Proceeds from sale, net of gain, of property and equipment	2,564	2,243
Other, net	243	357
Net cash provided by (used in) investment activities	(13,084)	38,999
Cash flows from financing activities:		
Net borrowings under short-term agreements	(829)	(1,825)
Proceeds from long-term borrowings	2,251	--
Principal payments and retirement of long-term obligations	(2,297)	(21,441)
Dividends paid	(2,601)	(2,351)
Proceeds from exercise of employee stock plans	465	917
Purchase of common treasury shares	(716)	(525)
Net cash used in financing activities	(3,727)	(25,225)
Net increase (decrease) in cash and cash equivalents	15,710	(2,082)
Cash and cash equivalents--beginning of period	14,018	12,747
Cash and cash equivalents--end of period	\$29,728	10,665

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Dollars in thousands)
(Unaudited)

1. Condensed Consolidated Financial Statements

The Condensed Consolidated Balance Sheet as of September 24, 1994 and the Condensed Consolidated Statements of Operations for the thirteen week and thirty-nine week periods ended September 24, 1994 and September 25, 1993 and the Condensed Consolidated Statements of Cash Flows 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 position at September 24, 1994 and for all periods presented.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles 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 December 25, 1993 Annual Report to shareholders. The results of operations for the period ended September 24, 1994 are not necessarily indicative of the operating results for the full year.

2. Cash Flows

For purposes of the Condensed Consolidated Statements of Cash Flows, the Company considers cash and cash investments with a maturity of three months or less when purchased, to be cash equivalents. Interest paid was \$3,050 and \$3,718 for the thirty-nine week periods ended September 24, 1994 and September 25, 1993, respectively. Income taxes paid, net of refunds, were \$1,832 and \$12,780 for the thirty-nine week periods ended September 24, 1994 and September 25, 1993, respectively.

3. Earnings Per Share

Earnings per share are based on the weighted average number of common shares outstanding and equivalent common shares from dilutive stock options.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
Management's Discussion and Analysis
of
Financial Condition and Results of Operations

Results of Operations

For the third quarter of 1994 net sales were \$109.9 million, an

increase of 3% over the \$107.2 million for the same period last year. Net sales for the first three quarters of 1994 were \$343.0 million versus \$330.1 million in the same period last year. Sales of Irrigation products increased in the third quarter and the year-to-date 1994 versus the same periods in 1993 as a result of strong demand in the North American market. This demand was driven by increased net farm income, relatively low interest rates and an increased emphasis on water conservation and environmental awareness. Sales to international markets for the third quarter and first three quarters of 1994 declined mainly from the reduction of sales to the Saudi Arabian market and the absence in 1994 of a large project shipped in the third quarter of 1993. Irrigation's international sales are geographically diverse and management does not expect the significant decrease in sales to Saudi Arabia to have a material adverse effect on this segment's results.

Sales in the Industrial Products segment increased in the third quarter of 1994 compared to the same period in 1993. Year-to-date 1994, the Industrial Products segment recorded lower overall sales, primarily from reduced volume in the ballast business and as a result of the 1993 sale and closing of the steel reinforcing bar operations and divestiture of the cathodic protection operation. For the third quarter and first three quarters, net sales in the North American pole and tubing operations increased in 1994 versus the same periods in 1993. As economic conditions improved, European pole sales increased in the third quarter of 1994 compared to the same period in 1993. Year-to-date European sales in 1994 were comparable to the levels attained in 1993. The ballast business reflected lower sales in the third quarter and first three quarters of 1994 compared to the same periods in 1993 due to excess inventory positions by industry manufacturers and distributors earlier in the year and the resultant lower market prices.

Gross profit as a percent of sales was 23.9% and 22.4% for the third quarter of 1994 and 1993, respectively. Year-to-date gross profit was 22.8% compared to 23.0% for 1994 and 1993, respectively. The third quarter 1994 gross profit increased in the ballast and pole and tubing businesses compared to the same period in 1993 due to improvements in operations. The decrease in 1994's year-to-date gross profit percentages results primarily from lower market prices experienced in the ballast business and reduced prices on irrigation orders taken in the last quarter of 1993 but shipped in early 1994.

Selling, general and administrative (SG&A) expenses were \$20.0 million for third quarter of 1994 and \$18.5 million for the same period of 1993; and, as a percent of sales, SG&A expenses for the respective quarters were 18.2% and 17.2%. SG&A expenses for the first three quarters of 1994 and 1993 were \$58.2 million and \$57.7 million, respectively. Year-to-date SG&A expenses, as a percent of sales, were 17.0% for 1994 and 17.5% for 1993. SG&A expenses increased in 1994 primarily due to the growth in sales volume as well as expenditures to enhance the long-term performance of the Company.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
Management's Discussion and Analysis
of
Financial Condition and Results of Operations (Continued)

For both the third quarter of 1994 and 1993, interest expense was \$1.3 million. Year-to-date, interest expense was \$3.9 million and \$4.4 million in 1994 and 1993, respectively. The decrease in 1994 results primarily from lower debt levels.

The effective income tax rates for the first three quarters of 1994 and 1993 were 36.9% and 35.0%, respectively, which do not vary significantly from the expected statutory rate for the periods.

The miscellaneous caption of other income (deductions) in the condensed consolidated statements of operations contains gains and losses which are of an unusual or infrequent nature. In the third quarter and year-to-date 1994 miscellaneous income of \$0.9 million and \$1.2 million, respectively, substantially exceeded the amounts from the comparable periods of 1993 and resulted primarily from a gain on disposal of an excess property.

As a result of the aforementioned operating factors and general business conditions, earnings from continuing operations increased to \$11.2 million in the first thirty-nine weeks of 1994 from \$9.0 million in the same period in 1993. For the third quarter, earnings from continuing operations were \$3.9 million in 1994 versus \$2.7 million in 1993. Earnings per share from continuing operations were \$0.96 and \$0.80 for the first thirty-nine weeks of 1994 and 1993, respectively

and \$0.33 and \$0.23 for the third quarter of 1994 and 1993, respectively.

In May 1993 Valmont sold its investment in Inacom Corp. in an underwritten public offering. As a result of this transaction a net gain from discontinued operation of \$3.9 million or \$0.33 per share was realized. Valmont's share of Inacom's 1993 net earnings of \$0.7 million or \$0.06 per share, when combined with the gain from sale of this investment, amounted to \$4.6 million or \$0.39 per share for the nine month period of 1993.

Effective with the beginning of Valmont's 1993 fiscal year, the Company adopted SFAS Statement No. 109, "Accounting for Income Taxes." The cumulative effect of this accounting change decreased 1993 net earnings by \$4.9 million or \$0.42 per share.

For the reasons described in the two preceding paragraphs, Valmont's net earnings for 1993 differed from its earnings from continuing operations for the periods presented. Valmont's net earnings were \$11.2 million or \$0.96 per share for the first three quarters of 1994 versus \$9.0 million or \$0.77 during the same period of 1993. For the third quarter of 1994, net earnings were \$3.9 million or \$0.33 per share compared to \$2.3 million or \$0.20 per share.

Liquidity and Capital Resources

Net working capital at September 24, 1994 amounted to \$84.4 million compared to \$82.3 million at December 25, 1993. The ratio of current assets to current liabilities was 2.0:1 at September 24, 1994 and at December 25, 1993.

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VALMONT INDUSTRIES, INC. AND SUBSIDIARIES
Management's Discussion and Analysis
of
Financial Condition and Results of Operations (Continued)

Expenditures for property, plant and equipment for the thirty-nine week period ended September 24, 1994 were approximately \$15.5 million, while depreciation of property, plant & equipment was \$7.0 million.

Available lines of credit total \$50 million of which approximately \$47 million was unused at September 24, 1994. Long-term debt was 25.4% of total capitalization at September 24, 1994 versus 26.5% at December 25, 1993. Valmont's objective is to maintain long-term debt in the range of 32% to 40% of total capital employed. In 1993, the proceeds from the sale of Valmont's investment in Inacom Corp. were used to reduce debt and invest in cash equivalents and working capital.

Overall, the Company believes the cash flow from operations, the credit facilities and capital structure now in place will be adequate to satisfy 1994 capital expenditures, dividends and other financial commitments.

VALMONT INDUSTRIES, INC. AND SUBSIDIARIES

PART II - OTHER INFORMATION

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

A. Exhibits

10.1 - Valmont Industries, Inc. 1994 Incentive Bonus Plan

B. Reports on Form 8-K

The Company filed no reports on Form 8-K during the past fiscal quarter.

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.

By /s/Terry J. McClain

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

Dated this __18th__ day of October, 1994.

VALMONT INDUSTRIES, INC.
1994
INCENTIVE BONUS PLAN

1. Name and Purpose. This Plan shall be known as the Valmont Incentive Bonus Plan (the "Plan"). The purpose of the Plan is to attract and retain the services of selected employees who can substantially affect the value of the Company, and to provide such individuals with additional incentives to increase their efforts on the Company's behalf.
2. Definitions. For the purpose of the Plan:
 - a) "Total Value Impact" (TVI) is Net Operating Profits After Tax in excess of the Company's Cost of Capital.
 - b) "Net Operating Profit" is:
 - Net sales less cost of sales,
 - Less sales, general and administrative expenses
 - In accordance with generally accepted accounting principles

"Net Operating Profit After Tax" is Net Operating Profit less income taxes at the rate of:
36% for business division employees
For corporate level employees, actual effective tax rate for the Plan Year of the Company.
 - c) "Cost of Capital" is the Total Invested Capital of the Company multiplied by a specified rate of return as determined by the Committee for each Plan Year.
 - d) "Total Invested Capital" for business divisions is:
 - All assets (except cash) directly assignable to the division,
 - Plus 1% of annual sales for cash,
 - Less all non-interest bearing liabilities directly assignable to the division.

"Total Invested Capital" for the Company is:
All assets of the Company,
Less all non-interest bearing liabilities.
 - e) "Board" means the Company's Board of Directors.
 - f) "Committee" means the Compensation Committee of the Board of Directors.
 - g) "Company" means Valmont Industries, Inc. and subsidiaries.
 - h) "Disability" means total or permanent disability as determined pursuant to the Valmont Employee Retirement Savings Plan.
 - i) "Participant" means an employee of the Company selected by the Committee to participate in the Plan.
 - j) "Profit Center" means a business division of the Company. For corporate level employees not assigned to the business division, "Profit Center" means the Company.
 - k) "Plan Year" means the fiscal year of the Company.
 - l) "Retirement" means normal or early retirement pursuant to the provisions of the Valmont Employee Retirement Savings Plan.
3. Administration. The Committee will construe, interpret and administer the Plan, and may adopt such rules and regulations and take such other action as it deems appropriate. All decisions by the Committee are final, conclusive and binding on the Company and each Participant, former Participant, beneficiary and every other interested person.
4. Participation. Participation in the Plan shall be limited to those employees of the Company who can substantially affect improvements in shareholder value as measured by net positive improvements in TVI for the Company. Directors who are employees of the Company shall be eligible to participate in the Plan. Corporate level Participants shall be recommended by the Chief Executive Officer, subject to Committee approval. Participants in other Profit Centers shall be

recommended by the Chief Executive Officer and the Chief Operating Officer of such Profit Center, subject to Committee approval.

5. Establishment of TVI and Related Items. The Committee shall establish for each Plan Year the minimum TVI for each Profit Center required in order for Incentive Bonuses to be paid to Participants in such Profit Center. The Committee shall also select the Participants for the Plan Year, the individual incentive bonus targets and payouts at various performance levels for each Participant, and the structure of the Discretionary Incentive Bonus Pool for each Plan Year. The Committee shall establish such items within ninety days following the beginning of each Plan Year, subject to the Committee's ability to add Participants during the Plan Year and reduce the Incentive Bonus which may be earned by any participant during the Plan Year.
6. Establishment of Individual Participant Incentive Bonus Targets. The Individual Incentive Bonus Targets for each Profit Center shall be established by the Committee as follows:
 - a) Each Participant shall have a target incentive bonus award established as a specified percentage of beginning of the year annualized base salary.
 - b) Each Participant's incentive bonus will vary in proportion to changes in the Participant's Profit Center TVI above a specified minimum TVI.
 - c) If the Profit Center's minimum TVI is not achieved, no incentive bonus is earned by the Participant.
 - d) All Incentive Bonus payments are subject to the approval of the Committee.
7. Establishment of Discretionary Bonus Pool. In addition to the establishment of Individual Participant Bonus Targets by Profit Center, a Discretionary Incentive Bonus Pool shall also be established by the Committee for each Profit Center.
 - a) The Discretionary Incentive Pool shall be established as a fixed percentage of the aggregate Individual Participant Incentive Bonus awards within the Profit Center. The size of the Discretionary Incentive Bonus Pool will vary in proportion to changes in the Profit Center's TVI above an established minimum TVI.
 - b) Any Incentive Bonus calculated under paragraph 6 above and forfeited by an individual Participant shall be added to the Profit Center's Discretionary Incentive Bonus Pool.
 - c) All amounts contained with the Discretionary Incentive Bonus Pool may be awarded on a discretionary basis to Plan Participants and other exempt employees as determined by the Committee.
 - d) If the Profit Center's minimum TVI is not achieved, no Discretionary Incentive Bonus Pool shall be generated.
8. Payment of Incentive Bonus Awards. Payments of amounts earned by each Participant shall be made as soon as possible after, but not before, financial results of the Company's operations for the Plan Year have been finalized. The Company's independent public accountants shall submit a report setting forth the amount distributable under the Plan for such Plan Year. All distributions pursuant to the Plan shall also be subject to the following conditions:
 - a) No amounts shall be distributable under the Plan until the financial results of the Company's operations have been approved by the Board.
 - b) It is expected that any such payments under the program will be made by March 15th of the year following the Plan Year.
 - c) If a Participant's employment terminates, voluntarily or involuntarily, with or without cause, before the actual payment to such Participant under the Plan (except by reason of Death, Disability or Retirement), such Participant's rights under the Plan shall terminate, and such Participant shall not be entitled to any Incentive Bonus, except as the Committee may, in its discretion,

otherwise determine.

- d) If a Participant's employment terminated before the end of the Plan Year on account of Death, Disability, or Retirement, such Participant shall be deemed to continue his allocable participation in the Plan for such Plan Year. Such Participant shall be entitled to receive a reduced incentive at such time as the incentive bonuses normally are paid. The reduced incentive bonus will be determined by multiplying the amount otherwise distributable to the Participant by a fraction, the numerator of which shall be the number of full days of participation by the Participant in the Plan Year, and the denominator of which shall be the number of full days in the Plan Year.

9. Payment Procedure

All payments to Participants entitled to benefits hereunder shall be made to such Participants. No rights in this Plan or amounts distributable under this Plan shall be transferable or otherwise assignable in anticipation of payment thereof, in whole or in part, and the Plan shall not be liable or taken for any obligation of such Participant. Any attempt to so transfer or alienate rights in this Plan shall be void.

10. Miscellaneous Provisions.

- a) Each Participant, in consideration of the benefits conferred hereunder, agrees to be bound by all the terms and conditions of this Plan as presently constituted and as amended from time to time.
- b) Neither this Plan nor any rights granted hereunder shall confer on any Participant any right to continue in the employment of the Company.
- c) The Company may deduct from all payments under this Plan any federal, state, or local taxes required by law.
- d) The Board may, in its discretion, terminate, amend, or modify this Plan from time to time. If the Board terminates this Plan during any Plan Year, the Participants for such Plan Year shall not have any right to a distribution from the Plan for such Plan Year.
- e) The Company will bear the expenses of administering this Plan.

11. Effective Date. The plan effective date will be established by the Committee.