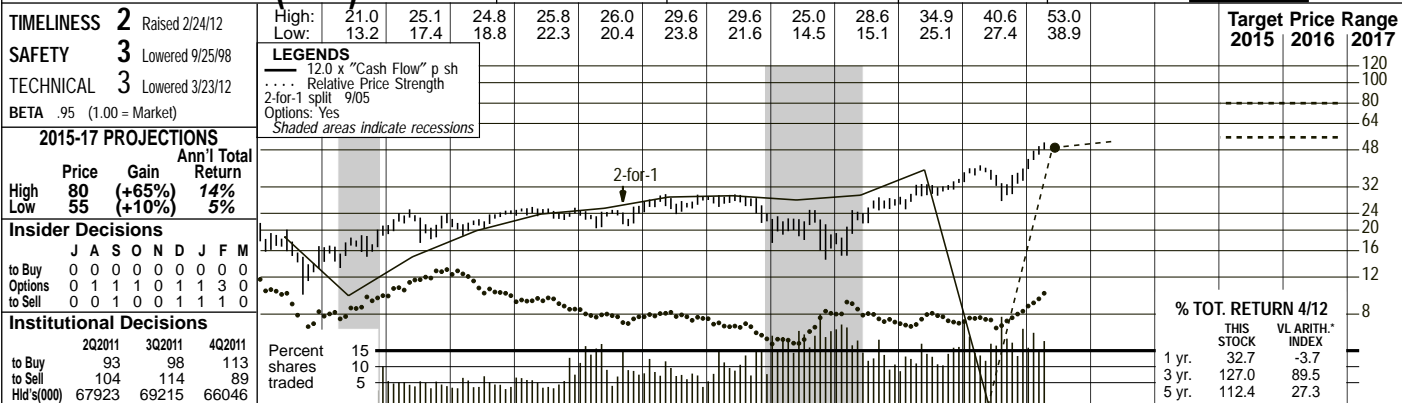


VALSPAR CORP. (THE) NYSE-VAL

RECENT PRICE **49.19** P/E RATIO **16.0** (Trailing: NMF Median: 17.0) RELATIVE P/E RATIO **1.11** DIV'D YLD **1.6%** **VALUE LINE**



1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
9.78	11.64	13.30	16.14	17.46	19.41	21.22	22.16	23.83	26.62	29.22	32.29	34.83	28.94	32.46	42.35	45.40	48.40	Sales per sh ^A	53.70
.89	1.05	1.18	1.42	1.55	.82	1.25	1.66	1.98	2.12	2.39	2.42	2.32	2.44	3.22	d.44	4.10	4.40	"Cash Flow" per sh	5.15
.63	.75	.82	.94	1.00	.55	1.17	1.09	1.36	1.42	1.71	1.50	1.38	1.49	2.20	d1.47	3.00	3.30	Earnings per sh ^{A B}	4.20
.17	.18	.21	.23	.26	.27	.28	.30	.30	.40	.44	.52	.56	.59	.64	.72	.80	.84	Div'ds Decl'd per sh ^C	.98
.29	.55	.50	.37	.38	.37	.45	.50	.55	.62	.74	.76	.43	.58	.68	.71	.70	.75	Cap'l Spending per sh	.85
2.89	3.38	3.92	4.58	5.15	6.61	7.36	8.57	9.77	10.41	12.17	13.72	14.53	15.12	16.40	12.99	13.50	14.95	Book Value per sh	20.15
87.89	87.36	86.84	85.97	84.96	98.96	100.21	101.46	102.40	101.94	101.90	100.64	99.99	99.48	99.40	93.33	93.00	93.00	Common Shs Outst'g ^D	95.00
18.0	19.8	21.5	18.5	16.8	29.2	18.0	20.2	17.9	16.5	15.3	18.4	15.6	14.6	13.5	13.5	13.5	13.5	Avg Ann'l P/E Ratio	16.0
1.13	1.14	1.12	1.05	1.09	1.50	.98	1.15	.95	.88	.83	.98	.94	.97	.86	.90	.86	.90	Relative P/E Ratio	1.05
1.5%	1.2%	1.2%	1.3%	1.5%	1.7%	1.3%	1.3%	1.2%	1.7%	1.7%	1.9%	2.6%	2.7%	2.2%	2.0%	2.2%	2.0%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 4/27/12		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Total Debt	\$1271.0 mill. Due in 5 Yrs	\$209.1 mill.																
LT Debt	\$1061.9 mill.	LT Interest	\$39.8 mill.															
Incl.	\$2.1 mill. capitalized leases.																	
(Total interest coverage: 1.7x)	(47% of Cap'l)																	
Leases, Uncapitalized	\$13.9 million																	
No Defined Benefit Pension Plan	Pfd Stock None																	
Common Stock	93,627,817 shs. as of 5/15/12																	
MARKET CAP	\$4.6 billion (Mid Cap)																	

CURRENT POSITION (\$MILL.)	2010	2011	4/27/12
Cash Assets	180.7	198.5	229.8
Receivables	628.6	664.9	738.7
Inventory (LIFO)	349.1	336.8	391.6
Other	126.5	124.9	136.1
Current Assets	1284.9	1325.1	1496.2
Accts Payable	447.3	463.6	471.5
Debt Due	8.1	377.3	209.1
Other	429.5	419.1	374.6
Current Liab.	884.9	1260.0	1055.2

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
of change (per sh)	7.0%	5.5%	7.5%
Sales	3.5%	-4.5%	20.0%
"Cash Flow"	-1.0%	-13.0%	NMF
Earnings	10.0%	11.5%	7.0%
Dividends	10.5%	6.5%	5.0%
Book Value			

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2009	639.5	668.4	794.6	776.5	2879.0
2010	672.4	803.6	873.9	876.7	3226.6
2011	842.4	992.7	1070.5	1047.4	3953.0
2012	885.6	1032.6	1120	1181.8	4220
2013	1075	1120	1130	1175	4500

Fiscal Year Ends	Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2009	.11	.28	.61	.49	1.49
2010	.34	.61	.74	.51	2.20
2011	.43	.58	.70	d3.18	d1.47
2012	.58	.80	.85	.77	3.00
2013	.65	.85	.90	.90	3.30

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.14	.14	.14	.14	.56
2009	.14	.15	.15	.15	.59
2010	.16	.16	.16	.16	.64
2011	.18	.18	.18	.18	.72
2012	.20	.20			

Valpar posted strong fiscal second-quarter results (2012 ends October 31st). Share net was up 38%, to \$0.80, as sales rose 4%, to over \$1 billion. The bottom-line boost wasn't just a strong recovery, it was an all-time quarterly record. Oddly, the shares dropped 7% on the earnings release. We think this was due to management citing that a large North American client is inventory destocking. This will probably be reflected in third-quarter earnings. Recent news of ongoing strength and market penetration in Tier 1 and Tier 2 Chinese cities has brought the stock back up to prerelease levels.

We have upped our fiscal 2012 share-earnings estimate by a nickel, to \$3.00. The aforementioned destocking negative has partially reduced our third-period estimate. We have left our fourth-quarter call alone for the time being. Valpar's recent move away from higher-volume, lower-margin work should widen margins, but bring the top line down a bit due to less unit volume.

We look for the company to increase its share of the Asian/Pacific coatings and paints markets. In 2006, Valpar generated 74% of its sales from the U.S. and Canada, and only 9% from the Asia/Pacific market. Now, it garners only 53% of sales from North America and Canada and 28% from Asia/Pacific. We see this trend continuing, as the latter region has greater growth potential, particularly in fast-growing Chinese Tier 1 and Tier 2 cities, which are heavily subsidized by the government.

Valpar is not a heavy hitter in its industry. Indeed, it lies in fifth place with only 7% of the global market for paints and coatings. AKZO is the worldwide leader with a whopping 24%, followed by PPG (20%), Sherwin Williams (15%), and then Dupont (8%).

We have once again raised our Target Price Range for this timely stock. It now stands at \$55-\$80, and may still be conservative, given the company's penchant for surprising to the upside on the earnings front. Investors should note that raw material costs (50%-60% of sales), and a potential downturn in packaging and industrial coatings demand, are the biggest risk factors to our long-term projections.

Jeremy J. Butler
June 8, 2012

(A) Fiscal year ends Oct. 31st. (B) Based on average shares outstanding through '97, diluted thereafter. Excl. nonrecurr. gains/(loss): '00, 1¢; '01, (\$0.24); '07, 5¢. 1994 figures are pro forma, reflecting the McWhorter spinoff. Next earnings report due mid August. (C) Dividends historically paid in mid-January, April, July, and October. ■ Div'd reinvestment plan available. (D) In mill., adjusted for stock split.

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Company's Financial Strength	B++
Stock's Price Stability	85
Price Growth Persistence	40
Earnings Predictability	20