

PREFORMED LINE PRODUCTS CO
Form 10-K
March 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2011

Commission file number 0-31164

Preformed Line Products Company

(Exact name of registrant as specified in its charter)

Ohio (State or Other Jurisdiction of Incorporation or Organization)	34-0676895 (I.R.S. Employer Identification No.)
660 Beta Drive Mayfield Village, Ohio (Address of Principal Executive Office)	44143 (Zip Code)
(440) 461-5200	

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

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Title of each class	Name of each exchange on which registered
Common Shares, \$2 par value per share	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:

(None)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities

Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act. Yes No

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 (S232.405 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 "accelerated filer," "large 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

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

The aggregate market value of voting and non-voting common shares held by non-affiliates of the registrant as of June 30, 2011 was \$163,401,733 based on the closing price of such common shares, as reported on the NASDAQ National Market System. As of March 7, 2012, there were 5,332,454 common shares of the Company (\$2 par value) outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the Annual Meeting of Shareholders to be held April 30, 2012 are incorporated by reference into Part III, Items 10, 11, 12, 13 and 14.

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Forward-Looking Statements

This Form 10-K and other documents we file with the Securities and Exchange Commission (SEC) contain forward-looking statements regarding Preformed Line Products Company s (the Company) and management s beliefs and expectations. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance (as opposed to historical items) and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements are subject to uncertainties and factors relating to the Company s operations and business environment, all of which are difficult to predict and many of which are beyond the Company s control. Such uncertainties and factors could cause the Company s actual results to differ materially from those matters expressed in or implied by such forward-looking statements.

The following factors, among others, could affect the Company s future performance and cause the Company s actual results to differ materially from those expressed or implied by forward-looking statements made in this report:

The overall demand for cable anchoring and control hardware for electrical transmission and distribution lines on a worldwide basis, which has a slow growth rate in mature markets such as the United States (U.S.), Canada, and Western Europe and may not grow as expected in developing regions;

The ability of our customers to raise funds needed to build the facilities their customers require;

Technological developments that affect longer-term trends for communication lines such as wireless communication;

The decreasing demands for product supporting copper-based infrastructure due to the introduction of products using new technologies or adoption of new industry standards;

The Company s success at continuing to develop proprietary technology and maintaining high quality products and customer service to meet or exceed new industry performance standards and individual customer expectations;

The Company s success in strengthening and retaining relationships with the Company s customers, growing sales at targeted accounts and expanding geographically;

The extent to which the Company is successful in expanding the Company s product line or production facilities into new areas;

The Company s ability to identify, complete and integrate acquisitions for profitable growth;

The potential impact of consolidation, deregulation and bankruptcy among the Company s suppliers, competitors and customers;

The relative degree of competitive and customer price pressure on the Company s products;

The cost, availability and quality of raw materials required for the manufacture of products;

The effects of fluctuation in currency exchange rates upon the Company s reported results from international operations, together with non-currency risks of investing in and conducting significant operations in foreign countries, including those relating to

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political, social, economic and regulatory factors;

Changes in significant government regulations affecting environmental compliances;

The telecommunication market's continued deployment of Fiber-to-the-Premises;

The Company's ability to obtain funding for future acquisitions;

The potential impact of the global economic condition and the depressed U.S. housing market on the Company's ongoing profitability and future growth opportunities in our core markets in the U.S. and other foreign countries where the financial situation is expected to be similar going forward;

The continued support by Federal, State, Local and Foreign Governments in incentive programs for upgrading electric transmission lines and promoting renewable energy deployment;

Those factors described under the heading "Risk Factors" on page 13.

Part I

Item 1. Business

Background

Preformed Line Products Company and its subsidiaries (the "Company") is an international designer and manufacturer of products and systems employed in the construction and maintenance of overhead and underground networks for the energy, telecommunication, cable operators, information (data communication) and other similar industries. The Company's primary products support, protect, connect, terminate and secure cables and wires. The Company also provides solar hardware systems and mounting hardware for a variety of solar power applications. The Company's goal is to continue to achieve profitable growth as a leader in the innovation, development, manufacture and marketing of technically advanced products and services related to energy, communications and cable systems and to take advantage of this leadership position to sell additional quality products in familiar markets.

The Company serves a worldwide market through strategically located domestic and international manufacturing facilities. Each of the Company's domestic and international manufacturing facilities have obtained an International Organization of Standardization (ISO) 9001:2008 Certified Management System, with the exception of Direct Power and Water Corporation (DPW), which was acquired during 2007. The ISO 9001:2008 certified management system is a globally recognized quality standard for manufacturing and assists the Company in marketing its products throughout the world. The Company's customers include public and private energy utilities and communication companies, cable operators, financial institutions, governmental agencies, contractors and subcontractors, distributors and value-added resellers. The Company is not dependent on a single customer or a few customers. No single customer accounts for more than ten percent of the Company's consolidated revenues.

The Company's products include:

Formed Wire and Related Hardware Products

Protective Closures

Data Communication Cabinets

Plastic Products

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Other Products

Formed Wire Products and Related Hardware Products are used in the energy, communications, cable and special industries (i.e., metal building, tower and antenna industries, the agriculture and arborist industries, and marine systems industry) to support, protect, terminate and secure both power conductor and communication cables and to control cable dynamics (e.g., vibration). Formed wire products are based on the principle of forming a variety of stiff wire materials into a helical (spiral) shape. Advantages of using the Company's helical formed wire products are that they are economical, dependable and easy to use. The Company introduced formed wire products to the power industry over 60 years ago and such products enjoy an almost universal acceptance in the Company's markets. Related hardware products include hardware for supporting and protecting transmission conductors, spacers, spacer-dampers, stockbridge dampers, corona suppression devices and various compression fittings for dead-end applications. Formed wire and related hardware products are approximately 67% of the Company's revenues in 2011, 65% in 2010 and 62% in 2009.

Protective Closures, including splice cases, are used to protect fixed line communication networks, such as copper cable or fiber optic cable, from moisture, environmental hazards and other potential contaminants. Protective closures are approximately 16% of the Company's revenues in 2011, 17% in 2010 and 22% in 2009.

Data Communication Cabinets are products used in high-speed data systems to hold and protect electronic equipment. Data communication cabinets are approximately 3% of the Company's revenues in 2011 and 4% of the Company's revenues in 2010 and 2009.

Plastic Products, including guy markers, tree guards, fiber optic cable markers and pedestal markers, are used in energy, communications, cable television and special industries to identify power conductors, communication cables and guy wires. Plastic products are approximately 3% of the Company's revenues in 2011, 2010 and 2009.

Other Products include hardware assemblies, pole line hardware, resale products, underground connectors, solar hardware systems and urethane products. They are used by energy, renewable energy, communications, cable and special industries for various applications and are defined as products that compliment the Company's core line offerings. Other products are approximately 11% of the Company's revenues in 2011 and 2010 and 9% in 2009.

Corporate History

The Company was incorporated in Ohio in 1947 to manufacture and sell helically shaped armor rods which are sets of stiff helically shaped wires applied on an electrical conductor at the point where it is suspended or held. Thomas F. Peterson, the Company's founder, developed and patented a unique method to manufacture and apply these armor rods to protect electrical conductors on overhead power lines. Over a period of years, Mr. Peterson and the Company developed, tested, patented, manufactured and marketed a variety of helically shaped products for use by the electrical and telephone industries. Although all of Mr. Peterson's patents have now expired, those patents served as the nucleus for licensing the Company's formed wire products abroad.

The success of the Company's formed wire products in the U.S. led to expansion abroad. The first international license agreement was established in the mid-1950s in Canada. In the late 1950s the Company's products were being sold through joint ventures and licensees in Canada, England, Germany, Spain and Australia. Additionally, the Company began export operations and promoted products into other selected offshore markets. The Company continued its expansion program, bought out most of the original licensees, and, by the mid-1990s, had complete ownership of operations in Australia, Brazil, Canada, Great Britain, South Africa and Spain and held a minority interest in two joint ventures in Japan. The Company's international subsidiaries have the necessary infrastructure (i.e. manufacturing, engineering, marketing and general management) to support local business activities. Each is staffed with local personnel to ensure that the Company is well versed in local business practices, cultural constraints, technical requirements and the intricacies of local client relationships.

In 1968, the Company expanded into the underground telecommunications field by its acquisition of the Smith Company located in California. The Smith Company had a patented line of buried closures and pressurized splice cases. These closures and splice cases protect copper cable openings from environmental damage and degradation. The Company continued to build on expertise acquired through the acquisition of the Smith Company and in 1995 introduced the highly successful COYOTE® Closure line of products. Since 1995 fourteen domestic and three international patents have been granted to the Company on the COYOTE Closure. None of the COYOTE Closure patents have expired. The earliest COYOTE Closure patent was filed April 1995 and will not expire until April 2015.

In 2007, the Company acquired the shares of DPW, located in New Mexico, U.S. This acquisition broadened the Company's product lines and manufactures mounting hardware for a variety of solar power applications and provides designs and installations of solar power systems.

In 2007, the Company acquired 83.74% of Belos SA (Belos), located in Bielsko-Biala, Poland. Belos is a manufacturer and supplier of fittings for various voltage power networks. This acquisition complements the Company's existing line of energy products. In 2008, the Company acquired an additional 8.3% of the outstanding shares of Belos. In 2009, the Company acquired an additional 4.1% of the outstanding shares of Belos. In 2010, the Company acquired the remaining 3.86% of the outstanding shares of Belos.

In 2008, the Company divested its data communication business, Superior Modular Products.

In 2008, the Company formed a joint venture between the Company's Australian subsidiary, Preformed Line Products Australia Pty Ltd (PLP-AU) and BlueSky Energy Pty Ltd, a solar systems integration and installation business based in Sydney, Australia. PLP-AU held a 50% ownership interest in the joint venture company, which operates under the name BlueSky Energy Australia (BlueSky), with the option to acquire the remaining 50% ownership interest from BlueSky Energy Pty Ltd over the next five years. In 2011, the Company acquired the additional 50% ownership interest from BlueSky Energy Pty Ltd.

In 2009, the Company acquired a 33.3% investment in Proxisafe Ltd. Proxisafe is a Canadian developmental company formed to design and commercialize new industrial safety equipment located in Calgary, Alberta.

In 2009, the Company acquired the Dulmison business from Tyco Electronics Group S.A. (Tyco Electronics), which includes both the acquisition of equity of certain Tyco Electronics entities and the acquisition of assets from other Tyco Electronics entities. Dulmison was a leader in the supply and manufacturer of electrical transmission and distribution products. Dulmison designed, manufactured and marketed pole line hardware and vibration control products for the global electrical utility industry. Dulmison had operations in Australia, Thailand, Indonesia, Malaysia, Mexico and the United States. The Dulmison business has been fully integrated into the Company's core businesses.

In 2010, the Company acquired Electropar Limited (Electropar), a New Zealand corporation. Electropar designs, manufactures and markets pole line and substation hardware for the global electrical utility industry. Electropar is based in New Zealand with a subsidiary operation in Australia. The acquisition has and is expected to continue to strengthen the Company's position in the power distribution, transmission and substation hardware markets and will expand the Company's presence in the Asia-Pacific region.

In January 2012, the Company acquired Australian Electricity Systems Pty Ltd. (AES), an Australian company. AES designs, manufactures and markets hardware for the electrical utility industry. The acquisition is expected to strengthen the Company's position in the power distribution, transmission and substation hardware markets and will expand the Company's presence in the Asia-Pacific region. For accounting purposes, the acquisition was an immaterial business combination.

The Company's World headquarters is located at 660 Beta Drive, Mayfield Village, Ohio 44143.

Business

The demand for the Company's products comes primarily from new, maintenance and repair construction for the energy (including solar), telecommunication, data communication and special industries. The Company's customers use many of the Company's products, including formed wire products, to revitalize the aging outside plant infrastructure. Many of the Company's products are used on a proactive basis by the Company's customers to reduce and prevent lost revenue. A single malfunctioning line could cause the loss of thousands of dollars per hour for a power or communication customer. A malfunctioning fiber cable could also result in substantial revenue loss. Repair construction by the Company's customers generally occurs in the case of emergencies or natural disasters, such as hurricanes, tornadoes, earthquakes, floods or ice storms. Under these circumstances, the Company provides 24-hour service to provide the repair products to customers as quickly as possible.

The Company has adapted the formed wire products' helical technology for use in a wide variety of fiber optic cable applications that have special requirements. The Company's formed wire products are uniquely qualified for these applications due to the gentle gripping over a greater length of the fiber cable. This is an advantage over traditional pole line hardware clamps that compress the cable to the point of possible fatigue and optical signal deterioration.

The Company's protective closures and splice cases are used to protect cable from moisture, environmental hazards and other potential contaminants. The Company's splice cases are easily re-enterable closures that allow utility maintenance workers access to the cables located inside the closure to repair or add communications services. Over the years, the Company has made many significant improvements in the splice case that have greatly increased their versatility and application in the market place. The Company also designs and markets custom splice cases to satisfy specific customer requirements. This has allowed the Company to remain a strong partner with several primary customers and has earned the Company the reputation as a responsive and reliable supplier.

Fiber optic cable was first deployed in the outside plant environment in the early 1980s. Through fiber optic technologies, a much greater amount of both voice and data communication can be transmitted reliably. In addition, this technology solved the cable congestion problem that the large count copper cable was causing in underground, buried and aerial applications. The Company developed and adapted copper closures for use in the emerging fiber optic world. In the late 1980s, the Company developed a series of splice cases designed specifically for fiber application. In the mid-1990s, the Company developed its plastic COYOTE Closure, and has since expanded the product line to address Fiber-to-the-Premise (FTTP) applications. The COYOTE Closure is an example of the Company developing a new line of proprietary products to meet the changing needs of its customers.

The Company also designs and manufactures data communication cabinets and enclosures for data communication networks, offering a comprehensive line of copper and fiber optic cross-connect systems. The product line enables reliable, high-speed transmission of data over customers' local area networks.

With the acquisition of DPW in 2007, the Company expanded into the fast growing renewable energy sector. DPW provides a comprehensive line of mounting hardware for a variety of solar power applications including residential roof mounting, commercial roofing systems, top of pole mounting and customized solutions. DPW also provides design and installation services for residential and commercial solar power systems primarily in the western U.S.

Markets

The Company markets its products to the energy, telecommunication, cable, data communication and special industries. While rapid changes in technology have blurred the distinctions between telephone, cable, and data communication, the energy industry is clearly distinct. The Company's role in the energy industry is to supply formed wire products and related hardware used with the electrical conductors, cables and wires that transfer power from the generating facility to the ultimate user of that power. Formed wire products are used to support, protect, terminate and secure both power conductor and communication cables and to control cable dynamics.

Electric Utilities Transmission. The electric transmission grid is the interconnected network of high voltage aluminum conductors used to transport large blocks of electric power from generating facilities to distribution networks. Currently, there are three major power grids in the U.S.: the Eastern Interconnect, the Western Interconnect and the Texas Interconnect. Virtually all electrical energy utilities are connected with at least one other utility by one of these major grids. The Company believes that the transmission grid has been neglected throughout much of the U.S. for more than two decades. Additionally, because of deregulation, some electric utilities have turned this responsibility over to Independent System Operators (ISOs), who have also been slow to add transmission lines. With demand for power now exceeding supply in some areas, the need for the movement of bulk power from the energy-rich areas to the energy-deficient areas means that new transmission lines will likely be built and many existing lines will likely be refurbished. In addition, passage of the economic stimulus bill in early 2009 that contains provisions for upgrading the aging transmission infrastructure and connecting renewable energy sources to the grid should attract new investment to fund new infrastructure projects in the industry. The Company believes that this will generate growth for the Company's products in this market over at least the next several years. In addition, increased construction of international transmission grids is occurring in many regions of the world. However, consolidations in the markets that the Company services may also have an adverse impact on the Company's revenues.

Electric Utilities Distribution. The distribution market includes those utilities that distribute power from a substation where voltage is reduced to levels appropriate for the consumer. Unlike the transmission market, distribution is still handled primarily by local electric utilities. These utilities are motivated to reduce cost in order to maintain and enhance their profitability. The Company believes that its growth in the distribution market will be achieved primarily as a result of incremental gains in market share driven by emphasizing the Company's quality products and service over price. Internationally, particularly in the developing regions, there is increasing political pressure to extend the availability of electricity to additional populations. Through its global network of factories and sales offices, the Company is prepared to take advantage of this new growth in construction.

Renewable Energy. The renewable energy market includes residential consumers, commercial businesses, off-grid operators, and utility companies that have an interest in alternative energy sources. Environmental concerns along with federal, state, and local utility incentives have fueled demand for renewable energy systems including solar, wind, and biofuel. The industry continues to grow as advancements in technology lead to greater efficiencies which drive down overall system costs. The Company currently provides hardware solutions, system design and installation services for solar power applications. The Company markets and sells these products and services to end-users, distributors, installers and integrators.

Communication and Cable. Major developments, including growing competition between the cable and communications industries and increasing overall demand for high-speed communication services, have led to a changing regulatory and competitive environment in many markets throughout the world. The deployment of new access networks and improvements to existing networks for advanced applications continues to gain momentum.

Cable operators, local communication operators and power utilities are building, rebuilding or upgrading signal delivery networks in developed countries. These networks are designed to deliver video and voice transmissions and provide Internet connectivity to individual residences and businesses. Operators deploy a variety of network technologies and architectures to carry broadband and narrowband signals. These architectures are constructed of electronic hardware connected via coaxial cables, copper wires or optical fibers. The Company manufactures closures that these industries use to securely connect and protect these vital networks.

As critical components of the outdoor infrastructure, closures provide protection against weather and vandalism, and permit technicians who maintain and manage the system ready access to the devices. Cable operators and local telephone network operators place great reliance on manufacturers of protective closures because any material damage to the signal delivery networks is likely to disrupt communication services. In addition to closures, the Company supplies the communication and cable industry with its formed wire products to hold, support, protect and terminate the copper wires and cables and the fiber optic cables used by that industry to transfer voice, video or data signals.

The industry has developed technological methods to increase the usage of copper-based plant through high-speed digital subscriber lines (DSLs). The popularity of these services, the regulatory environment and the increasingly fierce competition between communications and cable operators has driven the move toward building out the "last mile" in fiber networks. FTTP technology supports the next wave in broadband innovation by carrying fiber optic technology into homes and businesses. The Company has been actively developing products that address this market.

Data Communication. The data communication market is being driven by the continual demand for increased bandwidth. Growing Internet Service Providers (ISPs), construction in Wide Area Networks (WANs) and demand for products in the workplace are all key elements to the increased demand for the connecting devices made by the Company. The Company's products are sold to a number of categories of customers including, (i) ISPs, (ii) large companies and organizations which have their own local area network for data communication, and (iii) distributors of structured cabling systems and components for use in the above markets.

Special Industries. The Company's formed wire products are also used in other industries which require a method of securing or terminating cables, including the metal building, tower and antenna industries, the agriculture and arborist industries, and various applications within the marine systems industry. Products other than formed wire products are also marketed to other industries. For example, the Company's urethane capabilities allow it to market products to the light rail industry. The Company continues to explore new and innovative uses of its manufacturing capabilities; however, these markets remain a small portion of overall consolidated sales.

International Operations

The international operations of the Company are essentially the same as its domestic (PLP-USA) business. The Company manufactures similar types of products in its international plants as are sold domestically, sells to similar types of customers and faces similar types of competition (and in some cases, the same competitors). Sources of supply of raw materials are not significantly different internationally. See Note K in the Notes To Consolidated Financial Statements for information and financial data relating to the Company's international operations that represent reportable segments.

While a number of the Company's international plants are in developed countries, the Company believes it has strong market opportunities in developing countries where the need for the transmission and distribution of electrical power is significant. In addition, as the need arises, the Company is prepared to establish new manufacturing facilities abroad.

Sales and Marketing

Domestically and internationally, the Company markets its products through a direct sales force and manufacturing representatives. The direct sales force is employed by the Company and works with the manufacturer's representatives, as well as key direct accounts and distributors who also buy and resell the Company's products. The manufacturer's representatives are independent organizations that represent the Company as well as other complimentary product lines. These organizations are paid a commission based on the sales amount.

Research and Development

The Company is committed to providing technical leadership through scientific research and product development in order to continue to expand the Company's position as a supplier to the communications and power industries. Research is conducted on a continuous basis using internal experience in conjunction with outside professional expertise to develop state-of-the-art materials for several of the Company's products. These products capitalize on cost-efficiency while offering exacting mechanical performance that meets or exceeds industry standards. The Company's research and development activities have resulted in numerous patents being issued to the Company (see Patents and Trademarks below).

Early in its history, the Company recognized the need to understand the performance of its products and the needs of its customers. To that end, the Company developed a 29,000 square foot Research and Engineering Center located at its corporate headquarters in Mayfield Village, Ohio. Using the Research and Engineering Center, engineers and technicians simulate a wide range of external conditions encountered by the Company's products to ensure quality, durability and performance. The work performed in the Research and Engineering Center includes advanced studies and experimentation with various forms of vibration. This work has contributed significantly to the collective knowledge base of the industries the Company serves and is the subject matter of many papers and seminars presented to these industries.

The Company believes that its Research and Engineering Center is one of the most sophisticated in the world in its specialized field. The Research and Engineering Center also has an advanced prototyping technology machine on-site to develop models of new designs where intricate part details are studied prior to the construction of expensive production tooling. Today, the Company's reputation for vibration testing, tensile testing, fiber optic cable testing, environmental testing, field vibration monitoring and third-party contract testing is a competitive advantage. In addition to testing, the work done at the Company's Research and Development Center continues to fuel product development efforts. For example, the Company estimates that approximately 20% of 2011 revenues were attributed to products developed by the Company in the past five years. In addition, the Company's position in the industry is further reinforced by its long-standing leadership role in many key international technical organizations which are charged with the responsibility of establishing industry wide specifications and performance criteria, including IEEE (Institute of Electrical and Electronics Engineers), CIGRE (Counsil Internationale des

Grands Reseaux Electriques a Haute Tension), and IEC (International Electromechanical Commission). Research and development costs are expensed as incurred. Research and development costs for new products were \$2.4 million in 2011, \$1.7 million in 2010 and \$2.3 million in 2009.

Patents and Trademarks

The Company applies for patents in the U.S. and other countries, as appropriate, to protect its significant patentable developments. As of December 31, 2011, the Company had in force 32 U.S. patents and 66 international patents in 12 countries and had pending nine U.S. patent applications and 27 international applications. While such domestic and international patents expire from time to time, the Company continues to apply for and obtain patent protection on a regular basis. Patents held by the Company in the aggregate are of material importance in the operation of the Company's business. The Company, however, does not believe that any single patent, or group of related patents, is essential to the Company's business as a whole or to any of its businesses. Additionally, the Company owns and uses a substantial body of proprietary information and numerous trademarks. The Company relies on nondisclosure agreements to protect trade secrets and other proprietary data and technology. As of December 31, 2011, the Company had obtained U.S. registration on 30 trademarks and no trademark applications remained pending. International registrations amounted to 253 registrations in 39 countries, with five pending international registrations.

Since June 8, 1995, U.S. patents have been issued for terms of 20 years beginning with the date of filing of the patent application. Prior to that time, a U.S. patent had a term of 17 years from the date of its issuance. Patents issued by international countries generally expire 20 years after filing. U.S. and international patents are not renewable after expiration of their initial term. U.S. and international trademarks are generally perpetual, renewable in 10-year increments upon a showing of continued use. To the knowledge of management, the Company has not been subject to any significant allegation or charges of infringement of intellectual property rights by any organization.

In the normal course of business, the Company occasionally makes and receives inquiries with regard to possible patent and trademark infringement. The extent of such inquiries from third parties has been limited generally to verbal remarks to Company representatives. The Company believes that it is unlikely that the outcome of these inquiries will have a material adverse effect on the Company's financial position.

Competition

All of the markets that the Company serves are highly competitive. In each market, the principal methods of competition are price, performance, and service. The Company believes, however, that several factors (described below) provide the Company with a competitive advantage.

The Company has a strong and stable workforce. This consistent and continuous knowledge base has afforded the Company the ability to provide superior service to the Company's customers and representatives.

The Company's Research and Engineering Center in Mayfield Village, Ohio and Research and Engineering department's subsidiary locations maintain a strong technical support function to develop unique solutions to customer problems.

The Company is vertically integrated both in manufacturing and distribution and is continually upgrading equipment and processes.

The Company is sensitive to the marketplace and provides an extra measure of service in cases of emergency, storm damage and other rush situations. This high level of customer service and customer responsiveness is a hallmark of the Company.

The Company's 17 manufacturing locations ensure close support and proximity to customers worldwide.

Domestically, there are several competitors for formed wire products. Although it has other competitors in many of the countries where it has plants, the Company has leveraged its expertise and is very strong in the global market. The Company believes that it is the world's largest manufacturer of formed wire products for energy and communications markets. However, the Company's formed wire products compete against other pole line hardware products manufactured by other companies.

Minnesota Manufacturing and Mining Company (3M) is the primary domestic competitor of the Company for pressurized copper closures. Based on its experience in the industry, the Company believes it maintains a strong market share position.

The fiber optic closure market is one of the most competitive product areas for the Company, with the Company competing against, among others, Tyco International Ltd., 3M and Corning Cable Systems. There are a number of primary competitors and several smaller niche competitors that compete at all levels in the marketplace. The Company believes that it is one of four leading suppliers of fiber optic closures.

Sources and Availability of Raw Materials

The principal raw materials used by the Company are galvanized wire, stainless steel, aluminum covered steel wire, aluminum re-draw rod, plastic resins, glass-filled plastic compounds, neoprene rubbers and aluminum castings. The Company also uses certain other materials such as fasteners, packaging materials and communications cable. The Company believes that it has adequate sources of supply for the raw materials used in its manufacturing processes and it regularly attempts to develop and maintain sources of supply in order to extend availability and encourage competitive pricing of these products.

Most plastic resins are purchased under contracts to stabilize costs and improve delivery performance and are available from a number of reliable suppliers. Wire and re-draw rod are purchased in standard stock diameters and coils under contracts from a number of reliable suppliers. Contracts have firm prices except for fluctuations of base metals and petroleum prices, which result in surcharges when global demand is greater than the available supply.

The Company also relies on certain other manufacturers to supply products that complement the Company's product lines, such as aluminum and ferrous castings, fiber optic cable and connectors and various metal racks and cabinets. The Company believes there are multiple sources of supply for these products.

The Company relies on sole source manufacturers for certain raw materials used in production. The current state of economic uncertainty presents a risk that existing suppliers could go out of business. However, there are other potential sources for these materials available, and the Company could relocate the tooling and processes to other manufacturers if necessary.

Due to capacity constraints and increased worldwide demand, raw material costs increased throughout 2011. The Company expects price levels to stabilize during 2012.

Backlog Orders

The Company's backlog was approximately \$74.6 million at the end of 2011 and \$59.1 million at the end of 2010. The Company's order backlog generally represents two to nine weeks of sales. All customer orders entered are firm at the time of entry. Substantially all orders are shipped within a two to four week period unless the customer requests an alternative date.

Seasonality

The Company markets products that are used by utility maintenance and construction crews worldwide. The products are marketed through distributors and directly to end users, who maintain stock to ensure adequate supply for their customers or construction crews. As a result, the Company does not have a wide variation in sales from quarter to quarter.

Environmental

The Company is subject to extensive and changing federal, state, and local environmental laws, including laws and regulations that (i) relate to air and water quality, (ii) impose limitations on the discharge of pollutants into the environment, (iii) establish standards for the treatment, storage and disposal of toxic and hazardous waste, and (iv) require proper storage, handling, packaging, labeling, and transporting of products and components classified as hazardous materials. Stringent fines and penalties may be imposed for noncompliance with these environmental laws. In addition, environmental laws could impose liability for costs associated with investigating and remediating contamination at the Company's facilities or at third-party facilities at which the Company has arranged for the disposal treatment of hazardous materials.

The Company believes it is in compliance in all material respects, with all applicable environmental laws and the Company is not aware of any noncompliance or obligation to investigate or remediate contamination that could reasonably be expected to result in a material liability. The Company does not expect to make any material capital expenditure during 2012 for environmental control facilities. The environmental laws continue to be amended and revised to impose stricter obligations, and compliance with future additional environmental requirements could necessitate capital outlays. However, the Company does not believe that these expenditures should ultimately result in a material adverse effect on its financial position or results of operations. The Company cannot predict the precise effect such future requirements, if enacted, would have on the Company. The Company believes that such regulations would be enacted over time and would affect the industry as a whole.

Employees

At December 31, 2011, the Company had 2,854 employees. Approximately 29% of the Company's employees are located in the U.S.

Available Information

The Company maintains an Internet site at <http://www.preformed.com>, on which the Company makes available, free of charge, the annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC. The Company's SEC reports can be accessed through the investor relations section of its Internet site. The information found on the Company's Internet site is not part of this or any other report that is filed or furnished to the SEC.

The public may read and copy any materials the Company files with or furnishes to the SEC at the SEC's Public Reference Room at 100 F. Street, NE., Washington, DC 20549. Information on the operation of the Public Reference Room is available by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site that contains reports, proxy and information statements, and other information filed with the SEC by electronic filers. The SEC's Internet site is <http://www.sec.gov>. The Company also has a link from its Internet site to the SEC's Internet site, this link can be found on the investor relations page of the Company's Internet site.

Item 1A. Risk Factors

Due to the Company's dependency on the energy and telecommunication industries, the Company is susceptible to negative trends relating to those industries that could adversely affect the Company's operating results.

The Company's sales to the energy and telecommunication industries represent a substantial portion of the Company's historical sales. The concentration of revenue in such industries is expected to continue into the foreseeable future. Demand for products to these industries depends primarily on capital spending by customers for constructing, rebuilding, maintaining or upgrading their systems. The amount of capital spending and, therefore, the Company's sales and profitability are affected by a variety of factors, including general economic conditions, access by customers to financing, government regulation, demand for energy and cable services, and technological factors. As a result, some customers may not continue as going concerns, which could have a material adverse effect on the Company's business, operating results and financial condition. Consolidation and deregulation present the additional risk to the Company in that combined or deregulated customers will rely on relationships with a source other than the Company. Consolidation and deregulation may also increase the pressure on suppliers, such as the Company, to sell product at lower prices.

The Company's business will suffer if the Company fails to develop and successfully introduce new and enhanced products that meet the changing needs of the Company's customers.

The Company's ability to anticipate changes in technology and industry standards and to successfully develop and introduce new products on a timely basis will be a significant factor in the Company's ability to grow and remain competitive. New product development often requires long-term forecasting of market trends, development and implementation of new designs and processes and a substantial capital commitment. The trend toward consolidation of the energy, telecommunication and data communication industries may require the Company to quickly adapt to rapidly changing market conditions and customer requirements. Any failure by the Company to anticipate or respond in a cost-effective and timely manner to technological developments or changes in industry standards or customer requirements, or any significant delays in product development or introduction or any failure of new products to be widely accepted by the Company's customers, could have a material adverse effect on the Company's business, operating results and financial condition as a result of reduced net sales.

The intense competition in the Company's markets, particularly telecommunication, may lead to a reduction in sales and profits.

The markets in which the Company operates are highly competitive. The level of intensity of competition may increase in the foreseeable future due to anticipated growth in the telecommunication and data communication industries. The Company's competitors in the telecommunication and data communication markets are larger companies with significant influence over the distribution network. The Company may not be able to compete successfully against its competitors, many of which may have access to greater financial resources than the Company. In addition, the pace of technological development in the telecommunication and data communication markets is rapid and these advances (i.e., wireless, fiber optic network infrastructure, etc.) may adversely affect the Company's ability to compete in this market.

Competitors' introduction of products embodying new technologies or the emergence of new industry standards can render existing products or products under development obsolete or unmarketable and result in lost sales.

The energy, telecommunication and data communication industries are characterized by rapid technological change. Satellite, wireless and other communication technologies currently being deployed may represent a threat to copper, coaxial and fiber optic-based systems by reducing the need for wire-line networks. Future advances or further development of these or other new technologies may have a material adverse effect on the Company's business, operating results and financial condition as a result of lost sales.

Price increases of raw materials could result in lower earnings.

The Company's cost of sales may be materially adversely affected by increases in the market prices of the raw materials used in the Company's manufacturing processes. The Company may not be able to pass on price increases in raw materials to the Company's customers through increases in product prices. As a result, the Company's operating results could be adversely affected.

The Company's international operations subject the Company to additional business risks that may have a material adverse effect on the Company's business, operating results and financial condition.

International sales account for a substantial portion of the Company's net sales (60%, 58% and 54% in 2011, 2010 and 2009, respectively) and the Company expects these sales will increase as a percentage of net sales in the future. Due to its international sales, the Company is subject to the risks of conducting business internationally, including unexpected changes in, or impositions of, legislative or regulatory requirements, fluctuations in the U.S. dollar which could materially adversely affect U.S. dollar revenues or operating expenses, tariffs and other barriers and restrictions, potentially longer payment cycles, greater difficulty in accounts receivable collection, reduced or limited protection of intellectual property rights, potentially adverse taxes and the burdens of complying with a variety of international laws and communications standards. The Company is also subject to general geopolitical

risks, such as political and economic instability and changes in diplomatic and trade relationships, in connection with its international operations. These risks of conducting business internationally may have a material adverse effect on the Company's business, operating results and financial condition.

The Company may not be able to successfully integrate businesses that it may acquire in the future or complete acquisitions on satisfactory terms, which could have a material adverse effect on the Company's business, operating results and financial condition.

A portion of the Company's growth in sales and earnings has been generated from acquisitions. The Company expects to continue a strategy of identifying and acquiring businesses with complementary products. In connection with this strategy, the Company faces certain risks and uncertainties relating to acquisitions. The factors affecting this exposure are in addition to the risks faced in the Company's day-to-day operations. Acquisitions involve a number of special risks, including the risks pertaining to integrating acquired businesses. In addition, the Company may incur debt to finance future acquisitions, and the Company may issue securities in connection with future acquisitions that may dilute the holdings of current and future shareholders. Covenant restrictions relating to additional indebtedness could restrict the Company's ability to pay dividends, fund capital expenditures, consummate additional acquisitions and significantly increase the Company's interest expense. Any failure to successfully complete acquisitions or to successfully integrate such strategic acquisitions could have a material adverse effect on the Company's business, operating results and financial condition.

The Company may have interruptions in or lost business due to the uncertainty of the global economy, specifically the potential impact of bankruptcy among the Company's suppliers and lack of available funding for the Company's customers.

The Company relies on sole source manufacturers for certain materials that complement the Company's product lines. The current state of economic uncertainty presents a risk that existing suppliers could go out of business. If, due to any of these risk factors, the Company had to relocate the tooling and processes to other manufacturers, there could be an adverse effect on the supply and the Company's ability to make products on a timely basis. Additionally, as the financial markets are experiencing unprecedented volatility, lower levels of liquidity may be available. The inability to obtain funding may postpone customer spending and adversely affect the Company's business, operating results and financial condition.

Item 1B. Unresolved Staff Comments

The Company does not have any unresolved staff comments.

Item 2. Properties

The Company currently owns or leases 20 facilities, which together contain approximately 2 million square feet of manufacturing, warehouse, research and development, sales and office space worldwide. Most of the Company's international facilities contain space for offices, research and engineering (R&E), warehousing and manufacturing with manufacturing using a majority of the space. The following table provides information regarding the Company's principal facilities:

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Location	September 30, Use	September 30, Owned/Leased	September 30, Square Feet	September 30, Reportable Segment
1. Mayfield Village, Ohio	Corporate Headquarters R&E	Owned	62,000	PLP-USA
2. Rogers, Arkansas	Manufacturing Warehouse Office	Owned	310,000	PLP-USA
3. Albemarle, North Carolina	Manufacturing Warehouse Office	Owned	261,000	PLP-USA
4. Sydney, Australia	Manufacturing R&E Warehouse Office	Owned; Warehouse Leased	123,000	Asia-Pacific
5. São Paulo, Brazil	Manufacturing R&E Warehouse Office	Owned	148,500	The Americas
6. Cambridge, Ontario, Canada	Manufacturing Warehouse Office	Owned	73,300	The Americas
7. Andover, Hampshire, England	Manufacturing R&E Warehouse Office	Building Owned; Land Leased	89,400	EMEA
8. Queretaro, Mexico	Manufacturing Warehouse Office	Owned	82,900	The Americas
9. Beijing, China	Manufacturing Warehouse Office	Building Owned; Land Leased	132,100	Asia-Pacific
10. Pietermaritzburg, South Africa	Manufacturing R&E Warehouse Office	Owned	73,100	EMEA
11. Sevilla, Spain	Manufacturing R&E Warehouse Office	Owned	63,300	EMEA
12. Bangkok, Thailand	Manufacturing Warehouse Office	Owned	60,000	Asia-Pacific
13. Albuquerque, New Mexico	Manufacturing Warehouse Office	Leased	27,200	The Americas
14. Bielsko-Biala, Poland	Manufacturing Warehouse Office	Buildings Owned; Land Leased	174,400	EMEA
15. Bekasi, Indonesia	Manufacturing Office	Owned	60,100	Asia-Pacific
16. Selangor, Malaysia	Manufacturing Warehouse Office	Leased	18,600	Asia-Pacific
17. Bangkok, Thailand	Manufacturing Warehouse Office	Leased	135,700	Asia-Pacific
18. Auckland, New Zealand	Manufacturing Warehouse Office	Leased	52,200	Asia-Pacific

Item 3. Legal Proceedings

From time to time, the Company may be subject to litigation incidental to its business. The Company is not a party to any pending legal proceedings that the Company believes would, individually or in the aggregate, have a material adverse effect on its financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable

Executive Officers of the Registrant

Each executive officer is elected by the Board of Directors, serves at its pleasure and holds office until a successor is appointed, or until the earliest of death, resignation or removal.

Name	September 30, Age	September 30, Position
Robert G. Ruhlman	55	Chairman, President and Chief Executive Officer
Eric R. Graef	59	Chief Financial Officer and Vice President Finance
William H. Haag	48	Vice President International Operations
J. Cecil Curlee Jr.	55	Vice President Human Resources
Dennis F. McKenna	45	Vice President Marketing and Global Business Development
David C. Sunkle	53	Vice President Research and Engineering and Manufacturing
Caroline S. Vaccariello	45	General Counsel and Corporate Secretary

The following sets forth the name and recent business experience for each person who is an executive officer of the Company at March 1, 2012.

Robert G. Ruhlman was elected Chairman in July 2004. Mr. Ruhlman has served as Chief Executive Officer since July 2000 and as President since 1995 (positions he continues to hold). Mr. Ruhlman is the brother of Randall M. Ruhlman and son of Barbara P. Ruhlman, both Directors of the Company.

Eric R. Graef was elected Vice President Finance in December 1999 and Chief Financial Officer in December 2007.

William H. Haag was elected Vice President International Operations in April 1999.

J. Cecil Curlee Jr. was elected Vice President Human Resources in January 2003.

Dennis F. McKenna was elected Vice President Marketing and Global Business Development in April 2004.

David C. Sunkle was elected Vice President-Research and Engineering in January 2007. In addition, Mr. Sunkle has taken on the role of the Vice President Manufacturing since July 2008. Mr. Sunkle joined the Company in 1978. He has served a variety of positions in Research and Engineering until 2002 when he became Director of International Operations. In 2006, Mr. Sunkle rejoined Research and Engineering as the Director of Engineering.

Caroline S. Vaccariello was elected General Counsel and Corporate Secretary in January 2007. Ms. Vaccariello joined the Company in 2005 as General Counsel and has led the Company's legal affairs since that time.

Part II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Company's common shares are traded on NASDAQ under the trading symbol PLPC. As of March 7, 2012, the Company had approximately 2,000 shareholders of record. The following table sets forth for the periods indicated (i) the high and low closing sale prices per share of the Company's common shares as reported by the NASDAQ and (ii) the amount per share of cash dividends paid by the Company.

Quarter	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	High	2011 Low	Year ended December 31 Dividend	High	2010 Low	Dividend
First	\$ 72.26	\$ 58.75	\$ 0.20	\$ 44.14	\$ 34.60	\$ 0.20
Second	77.15	64.48	0.20	39.06	27.95	0.20
Third	74.92	45.80	0.20	35.64	27.50	0.20
Fourth	65.82	41.99	0.20	62.14	33.60	0.20

While the Company expects to continue to pay dividends of a comparable amount in the near term, the declaration and payment of future dividends will be made at the discretion of the Company's Board of Directors in light of than current needs of the Company. Therefore, there can be no assurance that the Company will continue to make such dividend payments in the future.

Equity Compensation Plan Information

Plan Category	September 30, Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	September 30, Weighted-average exercise price of outstanding options, warrants and rights	September 30, Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)
Equity compensation plans approved by security holders	169,645	\$ 39.41	594,534
Equity compensation plans not approved by security holders	49,907	\$ 34.39	
Total	219,552		594,534

Performance Graph

Set forth below is a line graph comparing the cumulative total return of a hypothetical investment in the Company's common shares with the cumulative total return of hypothetical investments in the NASDAQ Market Index and the Hemscoff Industry Group 627 (Industrial Electrical Equipment) Index based on the respective market price of each investment at December 31, 2006, December 31, 2007, December 31, 2008, December 31, 2009, December 31, 2010, and December 31, 2011, assuming in each case an initial investment of \$100 on December 31, 2006, and reinvestment of dividends.

COMPANY / INDEX / MARKET	September 30, 2006	September 30, 2007	September 30, 2008	September 30, 2009	September 30, 2010	September 30, 2011
PREFORMED LINE PRODUCTS CO	100.00	173.06	135.17	131.10	178.97	184.90
NASDAQ MARKET INDEX	100.00	110.26	65.65	95.19	112.10	110.81
HEMSCOTT GROUP INDEX	100.00	137.50	70.55	102.67	132.54	117.99

Purchases of Equity Securities

On August 4, 2010, the Company announced the Board of Directors authorized a plan to repurchase up to 250,000 of Preformed Line Products common shares. The repurchase plan does not have an expiration date. There were no repurchases for the three-month period ended December 31, 2011. As of December 31, 2011, there are 176,173 of Preformed Line Products common shares that may be purchased under the plan.

Item 6. Selected Financial Data

	September 30, 2011	September 30, 2010	September 30, 2009	September 30, 2008	September 30, 2007
(Thousands of dollars, except per share data)					
Net Sales and Income					
Net sales	\$ 424,404	\$ 338,305	\$ 257,206	\$ 269,742	\$ 233,289
Operating income	45,354	28,480	19,460	23,988	21,133
Income before income taxes and discontinued operations	45,994	30,183	29,593	24,760	21,321
Income from continuing operations, net of tax	30,984	23,008	22,833	17,042	13,820
Net income	30,984	23,008	22,833	17,911	14,213
Net income (loss) attributable to noncontrolling interest, net of tax	0	(105)	(524)	288	54
Net income attributable to PLPC	30,984	23,113	23,357	17,623	14,159
Per Share Amounts					
Income from continuing operations attributable to PLP shareholders basic	\$ 5.89	\$ 4.41	\$ 4.46	\$ 3.17	\$ 2.57
Net income attributable to PLPC common shareholders basic	5.89	4.41	4.46	3.34	2.64
Income from continuing operations attributable to PLPC shareholders diluted	5.78	4.33	4.35	3.14	2.54
Net income attributable to PLPC common shareholders diluted	5.78	4.33	4.35	3.30	2.61
Dividends declared	0.80	0.80	0.80	0.80	0.80
PLPC Shareholders' equity	39.91	37.44	32.58	26.09	27.82
Other Financial Information					
Current assets	\$ 205,490	\$ 167,342	\$ 138,440	\$ 112,670	\$ 123,450
Total assets	327,348	280,979	235,372	190,875	203,866
Current liabilities	61,833	56,558	46,340	35,248	42,349
Long-term debt (including current portion)	28,592	10,650	4,429	3,147	4,959
Capital leases	484	590	239	112	373
PLPC Shareholders' equity	212,858	197,340	170,966	136,265	149,721

On December 18, 2009, the Company completed a business combination acquiring certain subsidiaries and other assets from Tyco Electronics. The 2009 results were impacted by a \$9.1 million gain, after taxes, on the acquisition, or \$1.74 per basic share and \$1.69 per diluted share. On May 30, 2008, the Company divested its Superior Modular Products subsidiary (SMP). The net sales and income and per share amounts sections for the years noted above have been restated to provide comparable information excluding the divestiture of the SMP operations.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help investors better understand our results of operations, financial condition and present business environment. The MD&A is provided as a supplement to, and should be read in conjunction with, our audited consolidated financial statements and related notes included elsewhere in this report. The MD&A is organized as follows:

Overview

Recent Developments

Market Overview

Preface

Results of Operations

Application of Critical Accounting Policies and Estimates

Working Capital, Liquidity and Capital Resources

Recently Adopted Accounting Pronouncements

Recently Issued Accounting Pronouncements

OVERVIEW

Preformed Line Products Company (the Company, PLPC, we, us, or our) was incorporated in Ohio in 1947. We are an international designer and manufacturer of products and systems employed in the construction and maintenance of overhead and underground networks for the energy, telecommunication, cable operators, information (data communication), and other similar industries. Our primary products support, protect, connect, terminate, and secure cables and wires. We also provide solar hardware systems and mounting hardware for a variety of solar power applications. Our goal is to continue to achieve profitable growth as a leader in the

innovation, development, manufacture, and marketing of technically advanced products and services related to energy, communications, and cable systems and to take advantage of this leadership position to sell additional quality products in familiar markets. We have 17 sales and manufacturing operations in 14 different countries.

RECENT DEVELOPMENTS

As a result of several global acquisitions since 2007 and corresponding significant changes in our internal structure, we realigned our business units as of the fourth quarter of 2010 into four operating segments to better capitalize on business development opportunities, improve ongoing services, enhance the utilization of our worldwide resources and global sourcing initiatives and manage the Company better.

We report our segments in four geographic regions: PLP-USA, The Americas (includes operations in North and South America without PLP-USA), EMEA (Europe, Middle East & Africa) and Asia-Pacific in accordance with accounting standards codified in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 280, Segment Reporting. Each segment distributes a full range of our primary products. Our PLP-USA segment is comprised of our U.S. operations manufacturing our traditional products primarily supporting our domestic energy and telecommunications products. Our other three segments, The Americas, EMEA and Asia-Pacific, support our energy, telecommunications and data communication products in each respective geographical region.

The segment managers responsible for each region report directly to the Company's Chief Executive Officer, who is the chief operating decision maker, and are accountable for the financial results and performance of their entire segment for which they are responsible. The business components within each segment are managed to maximize the results of the entire company rather than the results of any individual business component of the segment.

We evaluate segment performance and allocate resources based on several factors primarily based on sales and net income. The segment information for the prior period has been recast to conform to the current segment presentation.

We acquired Electropar Limited on July 31, 2010. Pursuant to the Purchase Agreement, we acquired all of the equity outstanding of Electropar for NZ\$20.3 million or \$14.8 million, net of a customary post-closing working capital adjustment of \$.2 million. Electropar designs, manufactures and markets pole line and substation hardware for the global electrical utility industry. Electropar is based in New Zealand with a subsidiary operation in Australia. We believe that the acquisition of Electropar has and will continue to strengthen our position in the power distribution, transmission and substation hardware markets and expand our presence in the Asia-Pacific region.

On December 18, 2009, the Company and Tyco Electronics Group S.A. (Tyco Electronics) completed a Stock and Asset Purchase Agreement, pursuant to which we acquired from Tyco Electronics its Dulmison business for \$16 million and the assumption of certain liabilities. The acquisition of Dulmison strengthened our position in the power distribution and transmission hardware market and expanded our presence in the Asia-Pacific region. As a result of the acquisition, we added operations in Indonesia and Malaysia and strengthened our existing positions in Australia, Thailand, Mexico and the United States.

MARKET OVERVIEW

Our business continues to be concentrated in the energy and communications markets. During the past several years, industry consolidation continued as distributors and service provider consolidations took place in our major markets. This trend is expected to continue in 2012. The sluggish global economy coupled with a depressed U.S. housing market has and could continue to affect construction projects and negatively impact growth opportunities in our core markets in the U.S. and countries such as Spain, Poland and Great Britain where the financial situation is expected to be similar going forward.

In 2011, we again experienced growth in our energy market. We continued to see the investment in renewable energy projects, new transmission grids, new technologies, and upgrading and maintenance of the existing energy infrastructure. We expect the distribution energy market to be relatively flat in 2011 but anticipate continued growth in demand for transmission and fiber optic products.

We believe that the acquisitions of Dulmison from Tyco Electronics in December 2009 and Electropar in July 2010 have further contributed to our leadership position and will enable us to enhance the scope of our product lines and the technology we provide to this important market. The spacer, spacer-damper and stockbridge damper product lines fit well and complement our product offerings and enable us to offer the most comprehensive line of products in the industry. We further strengthened our overall presence in the Asia-Pacific region with the acquisition of Electropar in Auckland, New Zealand. Electropar is a manufacturer of substation, distribution and transmission products supplying both the Australian and New Zealand electricity markets. With demand for electrical power continuing to increase, especially in many fast growing areas of the world, we believe that our leadership position in the market will enable us to take advantage of prospects for continued growth as the transmission grid is enhanced and extended.

Our international business is more concentrated in the energy markets. Historically, our international sales were primarily related to the distribution portion of the energy market but have grown through acquisition and new product development to include a significant contribution from the transmission market. We believe that we are well positioned to supply the needs of the world's diverse energy market requirements as a result of our strategically located operations and array of product designs and technologies.

Our communication business in 2011 continued to face challenges throughout the world. Many communications customers cut back on capital and operational spending as the global economic downturn negatively impacted consumer spending on communication services. The broadband stimulus program that was announced early in 2009 finally gained some traction and we were in a strong position to secure opportunities that this funding provided. We continue to intensely focus on the customer and put resources towards new product development efforts. These efforts were directed at customer premise and demarcation applications which are the final connections between the network and the end consumer.

As economic conditions improve and stimulus funds continue to flow into projects, we believe our efforts in these areas will lead to growth in our communications business. Opportunities for growth also look promising internationally where deployment of fixed line telecommunications services and broadband penetration rates remain low as a percentage of the total population.

PREFACE

Our consolidated financial results for the years ended December 31, 2011, 2010, and 2009 include the financial results of Dulmison, since the acquisition on December 18, 2009, and Electropar, since the acquisition on July 31, 2010.

Our consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). Our discussions of the financial results include non-GAAP measures (e.g., foreign currency impact) to provide additional information concerning our financial results and provide information that we believe is useful to our investors in the assessment of our performance and operating trends.

Highlights:

Net sales increased \$86.1 million or 25% to \$424.4 million, compared to \$338.3 million in 2010.

Net income of \$31 million increased \$8 million or 35% compared to 2010.

Diluted earnings per share were \$5.78 per share in 2011 compared to \$4.33 per share in 2010.

2011 Net sales, Net income and Diluted earnings per share were all records for the Company.

Our financial statements are subject to fluctuations in the exchange rates of foreign currencies in relation to the U.S. dollar. As foreign currencies strengthen against the U.S. dollar, our revenues and costs increase as the foreign currency-denominated financial statements translate into more dollars. The fluctuations of foreign currencies during the year ended December 31, 2011 had a positive impact on net sales of \$10.7 million as compared to 2010. Excluding the effect of currency translation, for the year ended December 31, 2011 net sales

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increased \$75.4 million or 22% and increased by double digits in all four of our reportable segments compared to 2010. The net sales increase for the year ended December 31, 2011 was primarily attributable to global business combinations, new business and higher demand levels.

As a percent of net sales, gross profit improved from 32% in 2010 to 33.2% of net sales for the year ended December 31, 2011. Excluding the effect of currency translation, gross profit increased \$29.1 million, or 27%, compared to 2010. Costs and expenses of \$95.5 million increased \$15.8 million, or 20%, compared to 2010. Excluding the effect of currency translation, costs and expenses increased \$13.4 million, or 17%, compared to 2010. The primary reasons costs and expenses increased compared to 2010 were due to continued investment in personnel, research and engineering costs, and higher commission expense on higher sales. Also, net foreign currency exchange gains in 2010 of \$2.4 million compared to foreign currency exchange losses of \$1.2 million in 2011 accounted for \$3.6 million of the increase in costs and expenses. These foreign currency exchange gains and losses are primarily related to intercompany payables. Excluding the effect of currency translation and as a result of the preceding factors, operating income for the year ended December 31, 2011 of \$45.4 million increased \$16.1 million compared to 2010. Net income in 2011 of \$31 million increased \$8 million compared to 2010.

Despite the global economic conditions, we are seeing an improvement in our global marketplace and our financial condition continues to remain strong. We have continued to invest in the business to improve efficiency, develop new products, increase our capacity and become an even stronger supplier to our customers. We currently have a bank debt to equity ratio of 14% and can borrow needed funds at an attractive interest rate under our credit facility.

The following table sets forth a summary of the Company's consolidated income statements and the percentage of net sales for the years ended December 31, 2011, 2010 and 2009. The Company's past operating results are not necessarily indicative of future operating results.

Thousands of dollars	September 30, 2011	September 30, 100%	September 30, Year ended December 31 2010	September 30, 100%	September 30, 2009	September 30, 100%
Net sales	\$ 424,404		\$ 338,305		\$ 257,206	
Cost of products sold	283,555	67%	230,089	68%	172,438	67%
GROSS PROFIT	140,849	33%	108,216	32%	84,768	33%
Costs and expenses	95,495	23%	79,736	24%	65,308	25%
OPERATING INCOME	45,354	11%	28,480	8%	19,460	8%
Other income	640	0%	1,703	1%	10,133	4%
INCOME BEFORE INCOME TAXES	45,994	11%	30,183	9%	29,593	12%
Income taxes	15,010	4%	7,175	2%	6,760	3%
NET INCOME	\$ 30,984	7%	\$ 23,008	7%	\$ 22,833	9%

2011 RESULTS OF OPERATIONS COMPARED TO 2010

Net Sales. In 2011, net sales were \$424.4 million, an increase of \$86 million, or 25%, compared to 2010. Excluding the effect of currency translation, net sales increased \$75.4 million as summarized in the following table:

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	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2011	2010	Year Ended	Year Ended	Year Ended	Year Ended
			December 31	December 31	December 31	December 31
thousands of dollars			Change	Change	Change	%
				due to	excluding	change
				currency	currency	
				translation	translation	
Net sales						
PLP-USA	\$ 146,146	\$ 118,325	\$ 27,821	\$	\$ 27,821	24 %
The Americas	100,144	79,695	20,449	1,205	19,244	24
EMEA	61,430	50,073	11,357	1,238	10,119	20
Asia-Pacific	116,684	90,212	26,472	8,279	18,193	20
Consolidated	\$ 424,404	\$ 338,305	\$ 86,099	\$ 10,722	\$ 75,377	22 %

The increase in PLP-USA net sales of \$27.8 million, or 24%, was due to a sales volume increase of \$12.6 million, a sales mix increase of \$11.3 million and higher average prices when compared to 2010. International net sales for the year ended December 31, 2011 were favorably affected by \$10.7 million when local currencies were converted to U.S. dollars. The following discussions of international net sales exclude the effect of currency translation. The Americas net sales of \$100.1 million increased \$19.2 million, or 24%, primarily due to a stronger overall market demand in the region related to energy volume sales. In EMEA, net sales increased \$10.1 million, or 20%, due to stronger market conditions in the region compared to 2010 leading to an increase in overall sales volume. In Asia-Pacific, net sales increased \$18.2 million, or 20%, compared to 2010. Of the \$18.2 million increase in net sales, \$12.4 million related to the increase in net sales realized through the Electropar acquisition in July 2010. The remainder of the net sales increase was due primarily to a sales volume increase in the region.

Gross Profit. Gross profit of \$140.8 million for 2011 increased \$32.6 million, or 30%, compared to 2010. Gross profit as a percentage of sales improved from 32% in 2010 to 33.2% in 2011. Although we experienced increases in our material costs, we were able to more than offset this negative impact through improvements in our manufacturing efficiency. Excluding the effect of currency translation, gross profit increased 27% as summarized in the following table:

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2011	2010	Year Ended	Year Ended	Year Ended	Year Ended
			December 31	December 31	December 31	December 31
thousands of dollars			Change	Change	Change	%
				due to	excluding	change
				currency	currency	
				translation	translation	
Gross profit						
PLP-USA	\$ 52,826	\$ 37,946	\$ 14,880	\$	\$ 14,880	39 %
The Americas	30,495	23,105	7,390	585	6,805	29
EMEA	18,984	17,070	1,914	225	1,689	10
Asia-Pacific	38,544	30,095	8,449	2,690	5,759	19
Consolidated	\$ 140,849	\$ 108,216	\$ 32,633	\$ 3,500	\$ 29,133	27 %

PLP-USA gross profit of \$52.8 million increased \$14.9 million compared to 2010. PLP-USA gross profit increased \$14.9 million due to higher sales partially offset by an increase in personnel related costs of \$1.1 million and increased freight of \$.6 million. International gross profit for the year ended December 31, 2011 was favorably impacted by \$3.5 million when local currencies were translated to U.S. dollars. The following discussion of international gross profit excludes the effect of currency translation. The Americas gross profit increase of \$6.8 million was primarily the result of \$5.7 million from higher net sales coupled with better product margins in the region. The EMEA gross profit increase of \$1.7 million was the result of \$3.8 million from higher net sales partially offset by \$1.8 million of product warranty expenses coupled with lower production margins. During the second quarter of 2011, we accepted certified product from a supplier which later failed in the field. We have taken responsibility to expedite correcting the situation. Asia-Pacific gross profit of \$38.6 million increased \$5.8 million compared to 2010. Of the \$5.8 million increase in gross profit, \$5 million was related to the increase in sales realized through the acquisition of Electropar in July 2010. The remainder of the increase in gross profit was the result of \$1.2 million from higher net sales partially offset by lower production margins in the region.

Our 2010 gross profit was impacted by the sale of inventories which were adjusted to fair value on their respective acquisition dates. The Dulmison and Electropar acquisitions were accounted for pursuant to the current business combination standards. In accordance with the standards, we recorded, as of their respective acquisition dates, the acquired inventories at their respective fair values. We sold and therefore recognized \$1.7 million of the acquired finished goods inventories fair value adjustment in Cost of products sold in 2010. Due to the business combination standards, gross profit was .5 percentage points lower in 2010.

Costs and expenses. Cost and expenses of \$95.5 million for the year ended December 31, 2011 increased \$15.8 million, or 20%, compared to 2010. Excluding the effect of currency translation, costs and expenses increased 17% as summarized in the following table:

	September 30, 2011	September 30, 2010	September 30, Year Ended December 31 Change	September 30, Year Ended December 31 Change due to currency translation	September 30, Year Ended December 31 Change excluding currency translation	September 30, Year Ended December 31 % change
thousands of dollars						
Costs and expenses						
PLP-USA	\$ 43,108	\$ 39,110	\$ 3,998	\$	\$ 3,998	10 %
The Americas	16,917	13,198	3,719	415	3,304	25
EMEA	10,567	8,415	2,152	310	1,842	22
Asia-Pacific	24,903	19,013	5,890	1,644	4,246	22
Consolidated	\$ 95,495	\$ 79,736	\$ 15,759	\$ 2,369	\$ 13,390	17 %

PLP-USA costs and expenses increased \$4 million primarily due to an increase in commissions of \$1.6 million due to the increase and mix of commissionable sales, an increase in personnel related costs of \$1 million, net foreign currency exchange losses of \$1.1 million, a \$.6 million increase in consulting expenses, \$.6 million due to additional earn-out consideration payment related to the acquisition of Electropar and a \$.1 million increase in travel related expenses, partially offset by lower repairs and maintenance of \$.3 million, lower acquisition-related costs of \$.1 million due to our 2010 business combination. As of the Electropar acquisition date, we accrued \$.4 million for the fair value of the contingent consideration arrangement. Due to Electropar achieving an EBITDA performance target (Earnings Before Interest, Taxes, Depreciation and Amortization), we recognized an additional earn-out consideration payment. Per the business combination standard, subsequent changes to the initial contingent consideration amount are recognized through the statement of consolidated operations. Consequently, we recorded an additional \$.6 million expense as a result of this higher earn out. International costs and expenses for the year ended December 31, 2011 were unfavorably impacted by \$2.4 million when local currencies were translated to U.S. dollars compared to 2010. The following discussions of international costs and expenses exclude the effect of currency translation. The Americas costs and expenses increased \$3.3 million primarily due to an increase in employee headcount in the region, mainly attributable to our investment in research and engineering to support our future growth, coupled with higher personnel related costs, \$.5 million related to higher sales commissions, \$.2 million due to net foreign currency exchange losses, \$.2 million due to an increase in travel expenses, and \$.1 million each for an increase in professional fees and research and engineering. EMEA costs and expenses increased \$1.8 million. EMEA's costs and expenses increase was primarily due to net foreign currency translation gain in 2010 of \$1.5 million compared to net foreign currency losses of \$.1 million in 2011 coupled with an increase in employee related costs in the region and \$.1 million related to higher sales commissions. Asia-Pacific costs and expenses increased \$4.2 million compared to 2010. The Electropar acquisition in July 2010 added \$2.9 million to costs and expenses compared to 2010. The remaining \$1.3 million increase in costs and expenses was primarily due to an increase in personnel related costs from other subsidiaries located in the Asia-Pacific reportable segment coupled with \$.5 million related to net foreign currency exchange loss in 2011. The overall increase in costs and expenses was partially offset by a \$.2 million decrease in commissions compared to 2010. Overall, costs and expenses for the year ended December 31, 2011 and 2010 included \$.8 million and \$.9 million, respectively, related to aggregate amortization expense of intangible assets acquired in our Dulmison and Electropar business combinations.

Other income (expense). Other income (expense) for the year ended December 31, 2011 of \$.6 million decreased \$1.1 million compared to 2010. Other income (expense) decreased primarily due to a \$.7 million decrease in income related to our natural gas well located at PLP's corporate headquarters coupled with a \$1.2

million decrease due to a realized gain recognized as a result of revaluing our forward foreign exchange contract to fair value at July 28, 2010. This forward exchange contract was entered into on June 7, 2010 to reduce our exposure to foreign currency rate changes related to the purchase price of Electropar, which closed on July 30, 2010. Also, interest expense increased \$.2 million compared to 2010. The decrease in other income (expense) was partially offset by \$.3 million higher non-operating expenses related to our foreign jurisdictions in 2010 coupled with an increase in interest income of \$.2 million compared to 2010.

Income taxes. Income taxes for the year ended December 31, 2011 of \$15 million were \$7.8 million higher than 2010. The effective tax rate on net income was 32.6% and 23.8% in 2011 and 2010, respectively. The 2011 effective tax rate is higher than the 2010 effective tax rate primarily due to the recognition of previously unrecognized tax benefits resulting from expiration of statutes and a favorable foreign tax incentive for technological innovation in 2010. The 2011 effective tax rate is lower than the 35% U.S. federal statutory tax rate primarily due to increased earnings in jurisdictions with lower tax rates than the U.S. federal statutory rate in jurisdictions where such earnings are permanently reinvested. The 2010 effective tax rate is lower than the U.S. federal 35% statutory tax rate primarily due to earnings in jurisdictions with lower tax rates than the U.S. federal statutory rate in jurisdictions where such earnings are permanently reinvested, and the recognition of previously unrecognized tax benefits resulting from expiration of statutes of limitation and a foreign tax incentive for technological innovation.

Net income. As a result of the preceding items, net income for the year ended December 31, 2011 was \$31 million, compared to \$23 million for the year ended December 31, 2010. Excluding the effect of currency translation, net income increased \$7.4 million as summarized in the following table:

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2011	2010	Year Ended December 31	Change	Change	%
thousands of dollars			Change	due to	excluding	change
				currency	currency	
				translation	translation	
Net income						
PLP-USA	\$ 10,413	\$ 4,687	\$ 5,726	\$	\$ 5,726	122%
The Americas	8,159	6,356	1,803	194	1,609	25
EMEA	5,519	6,031	(512)	(82)	(430)	(7)
Asia-Pacific	6,893	5,934	959	474	485	8
Consolidated	\$ 30,984	\$ 23,008	\$ 7,976	\$ 586	\$ 7,390	32%

PLP-USA net income increased \$5.7 million as a result of an increase in operating income of \$12.3 million partially offset by a decrease in other income of \$1.9 million and an increase in income taxes of \$4.6 million. International net income for the year ended December 31, 2011 was favorably affected by \$.6 million when local currencies were converted to U.S. dollars. The following discussion of international net income excludes the effect of currency translation. The Americas net income increased \$1.6 million due to the \$3.1 million increase in operating income partially offset by an increase in income taxes of \$1.5 million. EMEA net income decreased \$.4 million primarily as a result of the decrease in operating income of \$.5 million partially offset by an increase in other income. Asia-Pacific net income increased \$.5 million as the result of the \$1.3 million increase in operating income and an increase in other income of \$.6 million partially offset by an increase in income taxes of \$1.4 million.

2010 RESULTS OF OPERATIONS COMPARED TO 2009

Net Sales. In 2010, net sales were \$338.3 million, an increase of \$81.1 million, or 32%, compared to 2009. Excluding the effect of currency translation, net sales increased \$67 million as summarized in the following table:

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	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
	2010	2009	Year ended	December 31		
thousands of dollars			Change	Change	Change	%
				due to	excluding	change
				currency	currency	
				translation	translation	
Net sales						
PLP-USA	\$ 118,325	\$ 103,910	\$ 14,415	\$	\$ 14,415	14%
The Americas	79,695	62,161	17,534	5,567	11,967	19
EMEA	50,073	46,863	3,210	1,007	2,203	5
Asia-Pacific	90,212	44,272	45,940	7,502	38,438	87
Consolidated	\$ 338,305	\$ 257,206	\$ 81,099	\$ 14,076	\$ 67,023	26%