ALAMO GROUP INC
Form 10-K
March 01, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 10-K

[X]	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-21220

ALAMO GROUP INC.

(Exact name of registrant as specified in its charter)

DELAWARE	74-1621248
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

1627 East Walnut, Seguin, Texas 78155
(Address of principal executive offices, including zip code)

830-379-1480
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act**:**

Title of each class	Name of each exchange
Common Stock, par value	on which registered

$.10 per share	New York Stock Exchange

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 [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes [ ] No [X]

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 requirement for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes [X] 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 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. [X]

Indicate by check mark whether registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and an "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	[X]	Accelerated filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]
		Emerging Growth Company	[ ]

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

The aggregate market value of the voting stock (which consists solely of shares of common stock) held by non-affiliates of the registrant as of June 29, 2018 (based upon the last reported sale price of $90.36 per share) was approximately $870,475,741 on such date.

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

The number of shares of the registrant's common stock, par value $.10 per share, outstanding as of February 22, 2019 was 11,739,074 shares.

Documents incorporated by reference: Portions of the registrant's proxy statement relating to the 2019 Annual Meeting of Stockholders to be held on May 2, 2019 have been incorporated by reference herein in response to Part III.

ALAMO GROUP INC. AND CONSOLIDATED SUBSIDIARIES
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PART I
Item 1. Business

Unless the context otherwise requires, the terms "the Company," "we," "our" and "us" refer to Alamo Group Inc. and its subsidiaries on a consolidated basis.

General

The Company is a leader in the design and manufacture of high quality agricultural equipment and infrastructure maintenance equipment for governmental and industrial use. The Company's products include tractor-mounted mowing and other vegetation maintenance equipment, street sweepers, excavators, vacuum trucks, snow removal equipment, leaf collection equipment, pothole patchers, zero turn radius mowers, agricultural implements and related aftermarket parts. The Company emphasizes high quality, cost-effective products for its customers and strives to develop and market innovative products while constantly monitoring and seeking to contain its manufacturing and overhead costs. The Company has a long-standing strategy of supplementing its internal growth through acquisitions of businesses or product lines that currently complement, command, or have the potential to achieve a meaningful share of their niche markets. The Company has approximately 3,470 employees and operates a total of twenty-five plants in North America, Europe, Australia and Brazil. The Company sells its products primarily through a network of independent dealers and distributors to governmental end-users, related independent contractors, as well as to the agricultural and commercial turf markets. The primary markets for our products are North America, Europe, South America and Australia.

The predecessor corporation to Alamo Group Inc. was incorporated in the State of Texas in 1969, as a successor to a business that began selling mowing equipment in 1955, and Alamo Group Inc. was reincorporated in the State of Delaware in 1987.

History

Since its founding in 1969, the Company has focused on satisfying customer needs through geographic market expansion, product development and refinement, and selected acquisitions. The Company's first products were based on rotary cutting technology. Through acquisitions, the Company added flail cutting technology in 1983 and sickle-bar cutting technology in 1984. The Company added to its presence in the industrial and governmental vegetation markets with the acquisition of Tiger Corporation *("Tiger")* in late 1994.

The Company entered the agricultural mowing markets in 1986 with the acquisition of Rhino Products Inc. *("Rhino")*, a leading manufacturer in this field. With this acquisition, the Company embarked on a strategy to increase the *Rhino* dealer distribution network during a period of industry contraction. The addition of M&W Gear Company *("M&W")* in early 1995 allowed the Company to enter into the manufacturing and distribution of tillage equipment, which complements the *Rhino* distribution network. *M&W* has been integrated into the agricultural marketing group.

In 1991, the Company began its international expansion with the acquisition of McConnel Ltd. *("McConnel")*, a United Kingdom ("U.K.") manufacturer of vegetation maintenance equipment, principally hydraulic boom-mounted hedge and grass cutters and related parts. Bomford-Turner Ltd. *("Bomford")*, also a U.K. company, was acquired in 1993. *Bomford* is a manufacturer of heavy-duty, tractor-mounted grass and hedge mowing equipment. *McConnel* and *Bomford* sell their products to dealers and distributors through their respective sales forces.

In 1994, the Company acquired Signalisation Moderne Autoroutiere S.A*. ("SMA")* located in Orleans, France. *SMA* manufactures and sells principally a line of heavy-duty, tractor-mounted grass and hedge mowing equipment and associated replacement parts primarily to departments of the French government. This acquisition, along with the acquisitions of Forges Gorce, a flail blade manufacturer in France, in 1996 and Rousseau Holdings S.A. ("*Rousseau*"), a leading French manufacturer of hedge and verge mowers, in 2004, when combined with *McConnel* and *Bomford,* has made the Company one of the largest manufacturers in the European market for the kind of equipment sold by the Company.

In 1995, the Company expanded its business in the agricultural market with the acquisition of Herschel Corporation *("Herschel")*, a manufacturer and distributor of aftermarket farm equipment replacement and wear parts.

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In 2000, the Company acquired Schwarze Industries, Inc. *("Schwarze")*. *Schwarze* is a manufacturer of a broad range of street sweeping equipment which is sold to governmental agencies and contractors. The Company believes the *Schwarze* sweeper products fit the Company's strategy of identifying product offerings with brand recognition in the industrial markets the Company serves. In 2004, the Company purchased the pothole patcher product line from Wildcat Manufacturing, Inc. The product line was merged into the *Schwarze* operation and is complementary to its current product offerings.

In 2000, the Company purchased the product line and associated assets of Twose of Tiverton Ltd. *("Twose")* a small regional manufacturer of power arm flail mowers and parts, as well as harrows and rollers, in the U.K. They consolidated their operations into the existing facilities at *McConnel* and *Bomford*.

In 2000, the Company acquired Schulte Industries Ltd. and its related entities *("Schulte")*. *Schulte* is a Canadian manufacturer of mechanical rotary mowers, snow blowers, and rock removal equipment. *Schulte* strengthened the Company's Canadian presence in both marketing and manufacturing. It also expanded the Company's range of large, heavy-duty rotary mowers.

In 2001, the Company acquired all of the assets of SMC Corporation *("SMC"). SMC* manufactures front-end loaders and backhoes principally for Original Equipment Manufacturer ("OEM") customers and its own *SMC* brand. This acquisition expanded the product range of our agricultural division and has since been consolidated into the Company's Gibson City, Illinois location.

In 2002, the Company purchased inventory, fixed assets and certain other assets of Valu-Bilt Tractor Parts *("Valu-Bilt")*, a subsidiary of Quality Stores, Inc., located in Des Moines, Iowa. *Valu-Bilt* is a distributor of new, used and rebuilt tractor parts and other agricultural spare and wear parts sold directly to customers through its catalog and the internet and on a wholesale basis to dealers. Subsequent to the purchase, the operations of *Valu-Bilt* in Des Moines, Iowa, were consolidated into the Company's *Herschel* facility in Indianola, Iowa.

In 2005, the Company, through its European subsidiary Alamo Group (EUR) Ltd., acquired 100% of the issued and outstanding stock of Spearhead Machinery Limited *("Spearhead")* and subsequently merged its manufacturing operations into *Bomford's* facility. *Spearhead* manufactures a range of tractor-mounted vegetation maintenance equipment, including reach mowers, flail mowers and rotary cutters. This acquisition extended our product lines and market coverage in Europe.

In early 2006, the Company purchased substantially all of the assets of the Gradall excavator business *("Gradall")* of JLG Industries, Inc., including their manufacturing plant in New Philadelphia, Ohio. *Gradall* is a leading manufacturer of both wheeled and crawler telescopic excavators in North America. This acquisition enhanced our Industrial Division product offering sold to governmental buyers and related contractors for maintenance along right-of-ways.

In 2006, the Company purchased the vacuum truck and sweeper lines of Clean Earth Environmental Group, LLC and Clean Earth Kentucky, LLC (collectively referred to as *"VacAll"*). This included the product lines, inventory and certain other assets that relate to this business. The production of the vacuum truck and sweeper lines were moved to the *Gradall* facility in New Philadelphia, Ohio.

In 2006, the Company acquired 100% of the ownership interests in Nite-Hawk Sweepers LLC *("Nite-Hawk")*, a manufacturer of truck mounted sweeping equipment primarily for the contract sweeping market, which expanded our presence in that market and complements our *Schwarze* sweeper line.

In 2007, the Company purchased Henke Manufacturing Corporation *(“Henke”)*, a manufacturer of specialty snow removal attachments. *Henke’s* products are mounted on both heavy industrial equipment and medium to heavy-duty trucks. The primary end-users are governmental agencies, related contractors and other industrial users.

In 2008, the Company acquired Rivard Developpement S.A.S. *(“Rivard”)*, a leading French manufacturer of vacuum trucks, high pressure cleaning systems and trenchers. The acquisition broadened the Company’s product offering to our customers in Europe and other markets we serve.

In 2009, the Company acquired substantially all the assets of Bush Hog, LLC *("Bush Hog")*, a leading agricultural equipment manufacturer of rotary cutters, finishing mowers, zero turn radius mowers, front-end loaders, backhoes, landscape equipment and a variety of other implements. This acquisition, combined with the Company's existing range of agricultural mowers, created one of the largest manufacturers of agricultural mowers in the world.

In 2011, the Company acquired substantially all of the assets and assumed certain specified liabilities of *Tenco* Group, Inc. (*"Tenco"*) and its subsidiaries. *Tenco* is a Canadian-based manufacturer of snow removal equipment including snow blades, blowers, dump bodies, spreaders and associated parts and service. *Tenco* has operations in Quebec as well as New York and Vermont. The equipment is sold primarily through dealers to governmental end-users as well as snow removal contractors.

In 2013, the Company acquired substantially all of the assets and assumed certain specified liabilities of Superior Equipment Australia PTY LTD (*"Superior"*). *Superior* is a small Australian-based manufacturer of agricultural mowing equipment and other attachments, parts, and services. The equipment is sold through dealers primarily to agricultural end-users with some sold to governmental entities in Australia. The *Superior* operations have been consolidated with the Company's *Fieldquip* location.

In 2014, the Company acquired Kellands Agricultural Ltd. and its subsidiary Multidrive Tractors Ltd. (*"Kellands"*). *Kellands* is a U.K.-based manufacturer of self-propelled sprayers and a range of multi-purpose load-carrying tractor vehicles. This acquisition enhanced our manufacture and distribution of agricultural machinery in our European operations and allowed the Company to enter into the self-propelled sprayer market. The *Kellands* operations have been consolidated into the Company's *McConnel* facility.

In 2014, the Company acquired Fieldquip Australia PTY LTD (*"Fieldquip"*), a manufacturer of rotary cutters as well as a distributor of various agricultural products. This acquisition allowed the Company to broaden its presence in both the manufacturing and distribution of agricultural machinery in Australia.

In 2014, the Company acquired all of the operating units of Specialized Industries LP. The purchase included the businesses of Super Products LLC (*"Super Products"*), Wausau-Everest LP ("*Wausau*" & "*Everest*") and Howard P. Fairfield LLC ("*H.P. Fairfield*") as well as several related entities (*"Specialized"*), including all brand names and related product names and trademarks. The primary reason for the *Specialized* acquisition was to broaden the Company's existing equipment lines. This acquisition increased our product offering and enhanced our market position both in vacuum trucks and snow removal equipment primarily in North America.

In 2015, the Company acquired Herder Implementos e Maquinas Agricolas Ltda. (*"Herder"*). *Herder* is a manufacturer of flail mowers and other agricultural implements which are sold direct and through dealers to a wide variety of agricultural markets as well as the roadside maintenance market. This acquisition allowed the Company to establish a presence in Brazil, one of the largest agricultural markets in the world. The *Herder* manufacturing operations have been consolidated into our *Santa Izabel* facility.

In 2017, the Company acquired 100% of the outstanding shares of Santa Izabel Agro Industria. Ltda. (*"Santa Izabel"*). *Santa Izabel* designs, manufactures and markets a variety of agricultural implements and trailers sold throughout Brazil. This acquisition along with our existing *Herder* operation in Brazil, augmented our product portfolio and improved our manufacturing capabilities in one of the world's largest agricultural markets.

In 2017, the Company acquired substantially all of the assets and assumed certain specified liabilities of Old Dominion Brush Company, Inc. (*"ODB"*). *ODB* manufactures leaf collection equipment as well as replacement brooms for street sweepers, both which are sold to municipalities, contractors and commercial landscape markets in North America. *ODB* is based in Richmond, Virginia. This acquisition provided new and complementary products to our existing range of infrastructure maintenance equipment and parts.

In 2017, the Company acquired R.P.M. Tech Inc. ("*RPM*"), a manufacturer of heavy duty snow removal equipment and associated parts. *RPM* primarily sells to governmental agencies, related contractors, airports and other industrial users. *RPM's* operations are in Drummondville, Quebec and will work in close proximity to the Company's nearby *Tenco* operations. This acquisition complements our existing range of snow removal products with *RPM's* range of heavy duty snow removal equipment including their line of mechanical snow blowers. The Company plans to move *RPM's* operations into its *Tenco* facility during 2019.

Sales and Marketing Strategy

The Company believes that within the U.S. it is a leading supplier to governmental markets, a leading supplier in the U.S. agricultural market, and one of the largest suppliers in the European market for its key niche product offerings. The Company's products are sold through the Company's various marketing organizations and extensive worldwide dealer and distributor networks under the *Alamo Industrial®, Terrain King®*, *Tiger®, Gradall®*, *VacAll®, Schwarze®, NiteHawk®, Henke®, Tenco®*, *Super Products® , Wausau-Everest,™ H.P. Fairfield,™ ODB,™ R.P.M. Tech,™ Bush Hog®, Rhino®, Earthmaster®, RhinoAg,™ Herschel®*, *Valu-Bilt®*, *CT Farm & Country,™ Schulte®, Superior®, Fieldquip®, Herder®, Santa Izabel,™ McConnel®, Bomford®, Spearhead,™ Twose,™ Kellands®, SMA®*, *Forges Gorce,™ Faucheux,™ Rousseau™* and *Rivard®* trademarks (some with related designs) as well as other trademarks and trade names.

Products and Distribution Channels

Industrial Division

Alamo Industrial equipment is principally sold through independent dealers to governmental end-users, related independent contractors and, to a lesser extent, utility and other dealers serving infrastructure maintenance operators and other applications in the U.S. and other countries. Governmental agencies and contractors that perform services for such agencies purchase primarily hydraulically-powered, tractor-mounted mowers, including boom-mounted mowers, other types of cutters and replacement parts for heavy-duty, intensive use applications, including maintenance around highway, airport, recreational and other public areas. A portion of *Alamo Industrial's* sales includes tractors, which are not manufactured by *Alamo Industrial.*

Tiger equipment includes heavy duty, tractor- and truck-mounted mowing and vegetation maintenance equipment and replacement parts. *Tiger* sells to state, county and local governmental entities and related contractors, primarily through a network of independent dealers. *Tiger's* dealer distribution network is independent of *Alamo Industrial's* dealer distribution network. A portion of *Tiger's* sales includes tractors, which are not manufactured by *Tiger.*

Schwarze equipment includes truck-mounted air vacuum, mechanical broom, and regenerative air sweepers, pothole patchers and replacement parts. *Schwarze* sells its products primarily to governmental agencies and independent contractors, either directly or through its independent dealer network. A portion of *Schwarze's* sales includes truck chassis which are not manufactured by *Schwarze*.

ODB manufactures and sells leaf collection equipment and replacement brooms for street sweepers, both of which are sold to municipalities, contractors and commercial landscape markets in North America.

Nite-Hawk manufactures parking lot sweepers with unique and innovative hydraulic designs. By eliminating the auxiliary engine, *Nite-Hawk* sweepers have proven to be fuel-efficient, environmentally conscious, and cost-effective to operate. *Nite-Hawk* focuses mainly on and sells direct to parking lot contractors. A portion of *Nite-Hawk's* sales includes truck chassis which are not manufactured by *Nite-Hawk*.

Gradall produces a range of excavators based on high-pressure hydraulic telescoping booms which are sold through dealers primarily to governmental agencies and related contractors, and to a lesser extent the mining industry, steel mills and other specialty applications in the U.S. and other countries. Many of these products are designed for excavation, grading, shaping and similar tasks involved in land clearing, road building or maintenance. These products are available mounted on various types of undercarriages: wheels for full-speed highway travel, wheels for on/off road use, and crawlers. A portion of *Gradall's* sales includes truck chassis which are not manufactured by *Gradall*.

VacAll produces catch basin cleaners and roadway debris vacuum systems. These units are powerful and versatile with uses including, but not limited to, removal of wet and dry debris, spill elimination, and cleaning of sludge beds. *VacAll* also offers a line of sewer cleaners. Its products are primarily sold through dealers to industrial and commercial contractors as well as governmental agencies. A portion of *VacAll's* sales includes truck chassis which are not manufactured by the Company.

Super Products produces truck-mounted vacuum trucks, combination sewer cleaners and hydro excavators. Its products are sold to municipalities, utilities and contractors through a nationwide distributor network. *Super Products* also operates a network of rental stores that provide short and long-term rental contracts for its products. Rental customers are primarily contractors serving the petrochemical, petroleum production and refining industries. A portion of the sales of *Super Products* includes truck chassis which are not manufactured by the Company.
Wausau designs and manufactures a comprehensive range of snow removal and ice control products. Products include snowplows, snow blowers, snow throwers, brooms, deicers, brine sprayers and other related accessories and parts. Wausau sells its products through its established dealer network to both governmental and non-governmental end-users and sells directly to airports and fixed-base operators.
Everest designs and manufactures a range of snow removal and ice control products including snowplows, wing systems, spreader bodies, and other related accessories and parts. *Everest* also manufactures custom-engineered underground construction forms for tunnels.
Henke designs and manufactures snow plows and heavy duty snow removal equipment, hitches and attachments for trucks, loaders and graders sold primarily through independent truck and industrial equipment dealers. *Henke's* primary end-users are governmental agencies, related contractors and other industrial users.
Tenco and *RPM* both design and manufacture a heavy-duty line of snow removal equipment, including truck-mounted snow plows, snow blowers, dump bodies and spreaders. Their products are primarily sold through independent dealers. End-users are governmental agencies, contractors, airports and other industrial users.

H.P. Fairfield is a full-service distributor of public works and runway maintenance products, parts and service, whose sales and service outlets are located in the northeastern part of the U.S. *H.P. Fairfield's* offerings include custom municipal snow and ice removal equipment, a range of salt spreaders and truck bodies, street sweepers, a line of industrial rotary, flail and boom mowers, solid waste and recycling equipment, water and sewer maintenance equipment, municipal tractors and attachments, and asphalt maintenance patchers, some of which are sourced from other Alamo Group companies. Certain of the products distributed and sold by *H.P. Fairfield* include Alamo Group products. *H.P. Fairfield* also provides truck up-fitting services as part of its business.

Agricultural Division

Bush Hog, Rhino and *Earthmaster* equipment is generally sold to farmers, ranchers and other end-users to clear brush, mow grass, maintain pastures and unused farmland, shred crops, till fields, and for haymaking and other applications. *Bush Hog* and *Rhino* equipment consists principally of a comprehensive line of tractor-powered equipment, including rotary mowers, finishing mowers, flail mowers, disc mowers, front-end loaders, backhoes, rotary tillers, posthole diggers, scraper blades and replacement parts. The equipment also includes a range of self-propelled zero turn radius mowers.

Herschel/Valu-Bilt aftermarket replacement parts are sold for many types of farm equipment and tractors and certain types of mowing and construction equipment. *Herschel* products include a wide range of cutting parts, plain and hard-faced replacement tillage tools, disc blades and fertilizer application components. *Herschel* replacement tools and parts are sold throughout the United States, Canada and Mexico to five major customer groups: farm equipment dealers; fleet stores; wholesale distributors; OEMs; and construction equipment dealers. *Valu-Bilt* complements the *Herschel* product lines while also expanding the Company's offering of aftermarket agricultural parts and added catalog and internet sales direct to end-users.
Schulte equipment includes heavy-duty mechanical rotary mowers, snow blowers, rock removal equipment and related replacement parts. *Schulte* serves both the agricultural and governmental markets primarily in Canada and the U.S. It also sells some of the Company's other product lines in their markets and some of

its products through independent distributors throughout the world.

Fieldquip and *Superior* together broaden the Company's presence in Australia. Both companies sell a variety of agricultural equipment, specifically rotary mowers and tractor attachments. *Fieldquip* sells to customers ranging from large agricultural and commercial operators to small farm hobbyist and residential users. *Superior's* customers are generally agricultural dealers who service owners and operators in the turf, golf, park and airport industries and growers with orchards, vineyards and plantations in Australia and the South Pacific.

Herder and *Santa Izabel* give the Company a presence in the Brazilian agricultural market. With our recent acquisition of Santa Izabel, we have strengthened our market position in Brazil which allows us to further pursue organic growth and additional acquisitions. *Herder* manufactures and distributes flail mowers and various other agricultural equipment, direct and through dealers. Its products are used in a wide variety of agricultural and governmental markets. *Santa Izabel* designs, manufactures and markets a variety of agricultural implements, including trailers sold throughout Brazil.

European Division

McConnel equipment principally includes a broad line of hydraulic, boom-mounted hedge and grass cutters, remote control mowers as well as other tractor attachments and implements such as cultivators, subsoilers and other implements and related replacement parts. *McConnel* equipment is sold primarily in the U.K., Ireland and France and in other parts of Europe and, to a lesser extent, throughout the world, through independent dealers and distributors.

Bomford equipment includes hydraulic, boom-mounted hedge and hedgerow cutters, industrial grass mowers, agricultural seedbed preparation cultivators and related replacement parts. *Bomford* equipment is sold to governmental agencies, contractors and agricultural end-users in the U.K., Ireland and France and, to a lesser extent, other countries in Europe, North America, Australia and Asia. *Bomford's* sales network is similar to that of *McConnel* in the U.K.

Spearhead manufactures a range of tractor-mounted vegetation maintenance equipment, including reach mowers, flail mowers and rotary cutters. These products are manufactured in the Company's Bomford facility.
Kellands equipment which are being re-branded and sold as McConnel, includes a range of self-propelled sprayers and a variety of multi-drive load-carrying vehicles. These products are sold through an existing dealer network as well as various marketing groups within the European Division.
SMA equipment includes hydraulic, boom-mounted hedge and hedgerow cutters and related replacement parts. *SMA's* principal customers are French local authorities.*SMA's* product offerings include certain quick-attach boom mowers manufactured by the Company in the U.K. to expand its presence in agricultural dealerships. The Company consolidated its *SMA* operations located in Orleans, France, and production was relocated to its manufacturing facility near Lyon, France.

Forges Gorce manufactures cutting blades which are sold to some of the Company's subsidiaries as well as to other customers.

Rousseau sells hydraulic and mechanical boom mowers, primarily in France, through its own sales force and dealer distribution network mainly to agricultural and governmental markets. These products have also been introduced into other markets outside of France.

Rivard manufactures vacuum trucks, high pressure cleaning systems and trenchers. *Rivard's* equipment is sold primarily in France and certain other markets, mainly in Europe, the Middle East and North Africa, and to governmental entities and related contractors. It also complements our product offerings in North America. The majority of *Rivard's* customers provide their own truck chassis.

Replacement Parts
The Company derives a significant portion of its revenues from sales of replacement parts for each of its wholegoods lines. Replacement parts represented approximately 19%, 20% and 20% of the Company's total sales for the years ended December 31, 2018, 2017 and 2016, respectively. Proprietary replacement parts generally are more profitable and less cyclical than wholegoods.

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Product Development

The Company's ability to provide innovative responses to customer needs, to develop and manufacture new products, and to enhance existing product lines is important to its success. The Company continually conducts research and development activities in an effort to improve existing products and develop new products. As of December 31, 2018, the Company employed 185 people in its various engineering departments, 117 of whom are degreed engineers and the balance of whom are support staff. Amounts expended on research and development activities were approximately $10,429,000 in 2018, $9,849,000 in 2017 and $8,847,000 in 2016. As a percentage of sales, research and development was approximately 1.0% in 2018, 1.1% in 2017 and 1.0% in 2016, and is expected to continue at similar levels in 2019.

Seasonality

The Company's unit sales are fairly constant quarter to quarter. However, replacement parts are generally higher in the second and third quarters of the year, because a substantial number of the Company's products are used for maintenance activities such as vegetation maintenance, highway right-of-way maintenance, construction, and street and parking lot sweeping. Usage of this equipment is typically lower in harsh weather. The Company utilizes an annual twelve-month sales forecast provided by the Company's marketing departments which is updated quarterly in order to develop a production plan for its manufacturing facilities. In addition, many of the Company's marketing departments attempt to equalize demand for products throughout the calendar year by offering seasonal sales programs which may provide additional incentives, including discounts and extended payment terms.

Competition

The Company's products are sold in highly competitive markets throughout the world. The principal competitive factors are price, quality, availability, service and reputation. The Company competes with several large national and international companies that offer a broad range of equipment and replacement parts, as well as with numerous small, privately-held manufacturers and suppliers of a limited number of products, mainly on a regional basis. Some of the Company's competitors are significantly larger than the Company and have substantially greater financial and other resources at their disposal. The Company believes that it is able to compete successfully in its markets by effectively managing its manufacturing costs, offering high quality products, developing and designing innovative products and, to some extent, avoiding direct competition with significantly larger potential competitors. There can be no assurance that the Company's competitors will not substantially increase the resources devoted to the development and marketing of products competitive with the Company's products or that new competitors with greater resources will not enter the Company's markets.

Unfilled Orders

As of December 31, 2018, the Company had unfilled customer orders of $240,260,000 compared to $218,158,000 at December 31, 2017. Management expects that substantially all of the Company's unfilled orders as of December 31, 2018 will be shipped during fiscal year 2019. The amount of unfilled orders at a particular time is affected by a number of factors, including manufacturing and shipping schedules which, in most instances, are dependent on the Company's seasonal sales programs and the requirements of its customers. Certain of the Company's orders are subject to cancellation at any time before shipment; therefore, a comparison of unfilled orders from period to period is not necessarily meaningful and may not be indicative of future actual shipments. No single customer or group of customers is responsible for 10% or more of the aggregate revenue of the Company.

Sources of Supply

The principal raw materials used by the Company include steel, other metal components, hydraulic hoses, paint and tires. During 2018, the raw materials needed by the Company were available from a variety of sources in adequate quantities and at prevailing market prices.

While the Company manufactures many of the parts for its products, a significant percentage of parts, including most drivelines, gearboxes, industrial engines, and hydraulic components, are purchased from outside suppliers which manufacture to the Company’s specifications. In addition, the Company, through its subsidiaries, purchases tractors and truck chassis as a number of the Company’s products are mounted and shipped with a tractor or truck chassis. Tractors and truck chassis are generally available, but some delays in receiving tractors or truck chassis can occur throughout the year. The Company sources its purchased goods from international and domestic suppliers. No one supplier is responsible for supplying more than 10% of the principal raw materials or purchased goods used by the Company.

Patents and Trademarks

The Company owns various U.S. and international patents and trademarks. While the Company considers its patents to be advantageous to its business, it is not dependent on any single patent or trademark or group of patents and trademarks. The net book value of patents and trademarks was $26,523,000 and $29,215,000 as of December 31, 2018 and 2017, respectively.

Environmental and Other Governmental Regulations

Like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws and requirements, including those concerning air emissions, discharges into waterways, and the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, as well as the remediation of contamination associated with releases of hazardous substances at the Company’s facilities and off-site disposal locations, workplace safety and equal employment opportunities. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect that changes to such laws and regulations may have on the Company in the future. Like other industrial concerns, the Company’s manufacturing operations entail the risk of noncompliance, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Certain assets of the Company contain asbestos that may have to be remediated over time. The Company believes that any subsequent change in the liability associated with the asbestos removal will not have a material adverse effect on the Company’s consolidated financial position or results of operations.

The Company is subject to various other federal, state, and local laws affecting its business, as well as a variety of regulations relating to such matters as working conditions, equal employment opportunities, and product safety. A variety of state laws regulate the Company’s contractual relationships with its dealers, some of which impose restrictive standards on the relationship between the Company and its dealers, including events of default, grounds for termination, non-renewal of dealer contracts, and equipment repurchase requirements. The Company believes it is currently in material compliance with all such applicable laws and regulations.

Employees

As of December 31, 2018, the Company employed approximately 3,470 employees. In North America, the Company has collective bargaining agreements at the *Gradall* facility which cover 205 employees and will expire on April 11, 2021, the *Tenco* facility in Canada covering 107 employees will expire on December 31, 2020, and at the three *R.P.M.* facilities in Canada covering 22 employees all of which will expire on September 30, 2019. The Company’s European operations,*McConnel, Bomford*, *Spearhead, AMS-UK, SMA Faucheux*, *Forges Gorce, Rousseau* and *Rivard,* have various collective bargaining agreements covering 924 employees. The Company considers its employee relations to be satisfactory.

Available Information

The Company files annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). You may read and copy any document we file with the

SEC at the SEC’s Public Reference Room at 100 F Street, NE, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for information on the operation of the Public Reference Room. The SEC maintains a website that contains annual, quarterly and current reports, proxy and information statements, and other information that issuers (including the Company) file electronically with the SEC. The SEC’s website is www.sec.gov.

The Company’s website is www.alamo-group.com. The Company makes available free of charge through its website, via a link to the SEC’s website at www.sec.gov, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The Company also makes available through its website, via a link to the SEC's website, statements of beneficial ownership of the Company's equity securities filed by its directors, officers, 10% or greater shareholders, and others required to file under Section 16 of the Exchange Act.

The Company also makes available free of charge on its website its most recent annual report on Form 10-K, its quarterly reports on Form 10-Q for the current fiscal year, its most recent proxy statement and its most recent annual report to stockholders, although in some cases these documents are not available on our site as soon as they are available on the SEC's site. You will need to have on your computer the Adobe Acrobat Reader® software to view the documents, which are in PDF format. In addition, the Company posts on its website its Charters for its Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee, as well as its Corporate Governance Policies and its Code of Conduct and Ethics for its directors, officers and employees. You can obtain a written copy of these documents, excluding exhibits, at no cost, by sending your request to the Corporate Secretary, Alamo Group Inc., 1627 E. Walnut Street, Seguin, Texas 78155, which is the principal corporate office of the Company. The telephone number is (830) 379-1480. The information on the Company's website is not incorporated by reference into this report.

Forward-Looking Information

Part I of this Annual Report on Form 10-K and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II of this Annual Report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, forward-looking statements may be made orally or in press releases, conferences, reports or otherwise, in the future by or on behalf of the Company.

Statements that are not historical are forward-looking. When used by us or on our behalf, the words "expect," "will," "estimate," "believe," "intend," "would," "could," "predict," "should," "anticipate," "project," "forecast," " "may" and similar expressions generally identify forward-looking statements made by us or on our behalf. Forward-looking statements involve risks and uncertainties. These uncertainties include factors that affect all businesses operating in a global market, as well as matters specific to the Company and the markets we serve. Certain particular risks and uncertainties that continually face us include the following:

•budget constraints and revenue shortfalls which could affect the purchases of our type of equipment by governmental customers and related contractors in both domestic and international markets;
•market acceptance of new and existing products;
•our ability to maintain good relations with our employees;
•our ability to develop and manufacture new and existing products profitably;
•the inability of our suppliers, creditors, public utility providers and financial and other service organizations to deliver or provide their products or services to us;
•legal actions and litigation;
•impairment in the carrying value of goodwill;
•our ability to successfully integrate acquisitions and operate acquired businesses or assets;
•our ability to hire and retain quality employees; and
•changes in the prices of agricultural commodities, which could affect our customers' income levels.

In addition, we are subject to risks and uncertainties facing the industry in general, including the following:

•changes in business and political conditions and the economy in general in both domestic and international markets;

- an increase in unfunded pension plan liability due to financial market deterioration;
- price and availability of energy and critical raw materials, particularly steel and steel products;
- increased competition;
- repercussions from the pending exit by the U.K. from the European Union;
- increase in input costs on items we use in the manufacturing of our products;
- adverse weather conditions such as droughts, floods, snowstorms, etc., which can affect the buying patterns of our customers and end-users;

•increased costs of complying with new regulations, including compliance with the European General Data Protection Regulation (GDPR) and similar data protection laws imposed by the State of California and other U.S. states, including any related potential fines and penalties;
•the potential effects on the buying habits of our customers due to animal disease outbreaks;
•adverse market conditions and credit constraints which could affect our customers and end-users, such as cutbacks on dealer stocking levels;
•changes in market demand;
•cyber security risks including the potential loss of proprietary data or data security breaches and related fines, penalties and other liabilities;
•financial market changes including changes in interest rates and fluctuations in foreign exchange rates;
•abnormal seasonal factors in our industry;
•changes in domestic and foreign governmental policies and laws, including increased levels of government regulation and changes in agricultural policies, including the amount of farm subsidies and farm payments;
•government actions, including but not limited to budget levels, change in tax laws, regulations and legislation, relating to the environment, commerce, infrastructure spending, health and safety;
•risk of governmental defaults and resulting impact on the global economy and particularly financial institutions.

We wish to caution readers not to place undue reliance on any forward-looking statement and to recognize that the statements are not predictions of actual future results. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described above and under “Risk Factors,” as well as others not now anticipated. The foregoing statements are not exclusive and further information concerning us and our businesses, including factors that could potentially materially affect our financial results, may emerge from time to time. It is not possible for management to predict all risk factors or to assess the impact of such risk factors on the Company’s businesses.

Executive Officers of the Company

Certain information is set forth below concerning the executive officers of the Company, each of whom has been appointed to serve until the 2019 annual meeting of directors or until his successor is duly appointed and qualified.

Name	Age	Position
Ronald A. Robinson	66	President and Chief Executive Officer
Dan E. Malone	58	Executive Vice President and Chief Financial Officer
Richard J. Wehrle	62	Vice President, Controller and Treasurer

Edward T. Rizzuti	49	Vice President, General Counsel and Secretary
Janet S. Pollock	60	Vice President, Human Resources
Geoffrey Davies	71	Executive Vice President, Alamo Group Inc. and Managing Director, Alamo Group (EUR) Ltd., European Division
Richard H. Raborn	53	Executive Vice President, Alamo Group Inc. and Executive Vice President Alamo Group (USA) Inc., Agricultural Division
Jeffery A. Leonard	59	Executive Vice President, Alamo Group Inc. and Executive Vice President Alamo Group (USA) Inc., Industrial Division

Ronald A. Robinson was appointed President, Chief Executive Officer and a director of the Company on July 7, 1999. Mr. Robinson had previously been President of Svedala Industries, Inc., the U.S. subsidiary of Svedala Industries AB of Malmo, Sweden, a leading manufacturer of equipment and systems for the worldwide construction, mineral processing and materials handling industries. Mr. Robinson joined Svedala in 1992 when it acquired Denver Equipment Company of which he was Chairman and Chief Executive

Officer.

Dan E. Malone was appointed Executive Vice President, Chief Financial Officer on January 15, 2007. Prior to joining the Company, Mr. Malone held the position of Executive Vice President, Chief Financial Officer & Corporate Secretary at Igloo Products Corporation, a manufacturer of insulated consumer goods, from 2002 to January 2007. Mr. Malone was Vice President and Chief Financial Officer of The York Group, Inc. from 2000 to 2002, and held various financial positions from 1987 to 2000 with Cooper Industries, Inc. and its various subsidiaries.

Richard J. Wehrle has been Vice President, Controller and Treasurer of the Company since May 2001. He assumed Treasury responsibilities in May of 2018. Prior to his appointment, Mr. Wehrle served in various accounting management capacities within the Company since 1988.

Edward T. Rizzuti was appointed Vice President, General Counsel of Alamo Group Inc. effective July 15, 2015 and assumed the Secretary role in May of 2018. Prior to joining the Company, Mr. Rizzuti previously served from 2010 to 2015 as Vice President, General Counsel and Secretary for Erickson Incorporated, a publicly traded aircraft manufacturing and operating company based in Portland, Oregon.

Janet S. Pollock was appointed Vice President, Human Resources of Alamo Group Inc. effective May 3, 2018. Ms. Pollock joined Alamo Group June of 2013 as Vice President of Human Resources for U.S. Operations. Prior to joining the Company, Ms. Pollock was previously Vice President of Human Resources with CPS Energy in San Antonio, Texas and Vice President of Strategic Initiatives for Coca-Cola Enterprises, Inc.

Geoffrey Davies, OBE and PhD, has been Managing Director of Alamo Group (EUR) Ltd. since December 1993 and was appointed Vice President of the Company in February 2003. From 1988 to 1993, Dr. Davies served *McConnel* Ltd., a U.K. company acquired by Alamo Group in 1991, in various capacities including serving as its Marketing Director from February 1992 until December 1993.

Richard H. Raborn was appointed Executive Vice President of Alamo Group Inc. effective April 6, 2015. Mr. Raborn is also Executive Vice President of Alamo Group (USA) Inc. and is in charge of the Agricultural Division. Prior to joining the Company, Mr. Raborn was Vice President and General Manager of the Powertrain Metal Division for Illinois Tool Works (ITW) from 2009 to 2015. ITW is one of the world's leading diversified manufacturers of specialized industrial equipment, consumables and related service business.

Jeffery A. Leonard joined Alamo Group in September 2011 as Executive Vice President of Alamo Group Inc. and Executive Vice President of Alamo Group (USA) Inc., in charge of the Industrial Division. Mr. Leonard previously was Senior Vice President of Metso Minerals Industries Inc., a supplier of technology and services for mining, construction, power generation, automation, recycling, and pulp and paper industries.

Item 1A. Risk Factors

You should carefully consider each of the risks described below, together with all of the other information contained in this Annual Report on Form 10-K, before making an investment decision with respect to the Company’s securities. If any of the following risks develop into actual events, the Company’s business, financial condition or results from operations could be materially and adversely affected and you could lose all or part of your investment.

Risks related to our business

Deterioration of industry conditions could harm our business, results of operations and financial condition.

Our business depends to a large extent upon the prospects for the mowing, infrastructure maintenance and agricultural markets in general. Future prospects of the industry depend largely on factors outside of our control. Any of those factors could adversely impact demand for our products, which could adversely impact our business, results of operations and financial condition. These factors include the following:

•weakness in the worldwide economy;
•the price and availability of raw materials, purchased components and energy;
•budget constraints and revenue shortfalls for our governmental customers;

•changes in domestic and foreign governmental policies and laws, including increased levels of governmental regulation and associated liabilities;
•the levels of interest rates;
•the value of the U.S. dollar relative to the foreign currencies in countries where we sell our products but don't have a manufacturing presence;
•impact of tighter credit markets on the Company, its dealers and end-users;
•impairment in the carrying value of goodwill; and
•increase in unfunded pension plan liability due to financial market deterioration.

In addition, our business is susceptible to a number of factors that specifically affect agricultural customer spending patterns, including the following:

•animal disease outbreaks, epidemics and crop pests;
•weather conditions, such as droughts, floods and snowstorms;
•changes in farm incomes;
•cattle and agricultural commodity prices;
•changes in governmental agricultural policies worldwide;
•the level of worldwide farm output and demand for farm products; and
•limits on agricultural imports/exports.

A downturn in general economic conditions and outlook in the United States and around the world could adversely affect our net sales and earnings.

The strength and profitability of our business depends on the overall demand for our products and upon economic conditions and outlook, including but not limited to economic growth rates; consumer spending levels; financing availability, pricing and terms for our dealers and end-users; employment rates; interest rates; inflation; consumer confidence and general economic and political conditions and expectations in the United States and the other economies in which we conduct business. Slow or negative growth rates, inflationary/deflationary pressures, higher commodity costs and energy prices, reduced credit availability or unfavorable credit terms for our dealers and end-user customers, increased unemployment rates, and recessionary economic conditions and outlook could cause consumers to reduce spending, which may cause them to delay or forgo purchases of our products and could have an adverse effect on our net sales and earnings.

The pending exit by the U.K. from the European Union ("Brexit") and the impact of the withdrawal may adversely affect business activity, political stability and economic conditions in the U.K., the European Union and elsewhere. The economic conditions and outlook could be further adversely affected by the uncertainty concerning the timing and terms of the exit and new or modified trading arrangements between the U.K. and other countries. Any of these developments, or the perception that any of these developments are likely to occur, could negatively affect economic growth or business activity in the U.K., the European Union and elsewhere, and could materially and adversely affect our business and results of operations.

Changes in U.S. tax legislation could have a material adverse impact on our results of operations.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act ("TCJA") that instituted fundamental changes to the U.S. Internal Revenue Code of 1986, as amended ("the Code"). We reflected an overall income tax liability for the year ended December 31, 2017 with respect to TCJA as a result of remeasuring our U.S. deferred tax assets and liabilities using the 21% rate and recognizing a one-time transition tax charge on the deemed repatriation of previously undistributed accumulated earnings and profits of our international subsidiaries. Due to the significant and complex changes to the Code from the TCJA, the SEC issued Staff Accounting Bulletin No. 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act," (SAB 118). SAB 118 provides measurement period for up to one year for adjustments to be made to account for the effects of the TCJA. The Company reflected the income tax effects of those aspects of TCJA for which the accounting was complete. To the extent the Company's accounting for certain income tax effects of TCJA was incomplete but the Company was able to determine a reasonable estimate, the Company recorded a provisional estimate in the financial statements. For those items where a reasonable estimate could not be made, a provisional amount was not recorded and the Company continued to apply the provisions of the tax laws that were in effect immediately before the enactment of TCJA.

During 2018, we revised our initial provisional amount recorded for the transitional tax on the deemed repatriation of the accumulated earnings and profits of our international subsidiaries and the impact of the federal tax rate change on the value of our deferred tax assets and liabilities. For further information, see Note 13 to the consolidated financial statements. In addition to the changes described above, TCJA imposes a U.S. tax on Global Intangible Low Taxed Income ("GILTI") that is earned by certain foreign affiliates owned by a U.S. shareholder. The computation of GILTI is generally intended to impose tax on the earnings of a foreign corporation that are deemed to exceed a certain threshold return relative to the underlying business investment.

Significant changes in trade policy and related trade wars could have a material adverse impact on our results of operations.

The current administration continues to make potentially significant changes in U.S. trade policy and has taken certain actions that have adversely impacted U.S. trade and relationships with China and other trading partners, including imposing tariffs on certain goods imported into the U.S. Any continued actions or further changes in U.S. trade policy could trigger additional retaliatory actions by affected countries, resulting in "trade wars." Trade wars may lead to reduced economic activity, increased costs, reduced demand and changes in purchasing behaviors for some or all of our products, or other potentially adverse economic outcomes. These or other consequences from any trade wars could have a material adverse impact on our sales volumes, prices and our consolidated financial results.

We depend on governmental sales and a decrease in such sales could adversely affect our business, results of operations and financial condition.

A substantial portion of our revenues is derived from sales to federal, state and local governmental entities and related contractors, both in the U.S. and in other countries in which we sell our products. These sales depend primarily on the levels of budgeted and appropriated expenditures for highway, airport, roadside and parks maintenance by various governmental entities and are affected by changes in local and national economic conditions.

Our dependence on, and the price and availability of, raw materials as well as purchased components may adversely affect our business, results of operations and financial condition.

We are subject to fluctuations in market prices for raw materials such as steel and energy. In addition, although most of the raw materials and purchased components we use are commercially available from a number of sources, we could experience disruptions in the availability of such materials. If we are unable to purchase materials we require or are unable to pass on price increases to our customers or otherwise reduce our cost of goods sold, our business, results of operations and financial condition may be adversely affected. In addition, higher energy costs could negatively affect spending by farmers, including their purchases of our products.

Impairment in the carrying value of goodwill could negatively impact our consolidated results of operations and net worth.

The Company estimates the fair value of its reporting units using a discounted cash flow analysis. This analysis requires the Company to make significant assumptions and estimates about the extent and timing of future cash flows, discount rates and growth rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to an even higher degree of uncertainty. The Company also utilizes market valuation models and other financial ratios, which require the Company to make certain assumptions and estimates regarding the applicability of those models to its assets and businesses. As of December 31, 2018, goodwill was $83,243,000, which represents 12% of total assets.

The Company recognized no goodwill impairment in 2018, 2017 or 2016. During the 2018 impairment analysis review, we performed a sensitivity analysis for goodwill impairment with respect to each of our reporting units and determined that a hypothetical 15% decline in the fair value of each reporting unit as of October 1, 2018 would not result in an impairment of goodwill for any of the reporting units. If we were to have a significant goodwill impairment caused by a greater than a 15% decline in fair value, it could impact our results of operations as well as our net worth.

We are significantly dependent on information technology.

We rely on information technology networks and systems, including the Internet, to process, transmit, and store electronic and financial information, to manage a variety of business processes and activities, and to comply with regulatory, legal, and tax requirements. We also depend on our information technology infrastructure for digital marketing activities and for electronic communications among our locations, personnel, customers, and suppliers. These information technology systems (some of which are provided and maintained by third parties) may be susceptible to damage, disruptions, or shutdowns due to hardware failures, computer viruses, hacker attacks, telecommunication failures, user errors, catastrophic events or other factors. If our information technology systems suffer severe damage, disruption or shutdown, and our business continuity plans do not effectively resolve the issues in a timely manner, we could experience business disruptions, transaction errors, processing inefficiencies, and the loss of customers and sales, causing our product sales, financial condition, and operating results to be adversely affected and the reporting of our financial results to be delayed.

In addition, in the ordinary course of our business, we collect and store sensitive data, including our intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information or other sensitive information of our customers and employees. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite the information security measures we have taken, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory fines and penalties, disruption of our operations and the services we provide to customers, damage to our reputation, and a loss of confidence in our products and services, which could adversely affect our business and operating results.

Changes in the regulatory environment regarding privacy and data protection regulations could have a material adverse impact on our results of operations.

The EU has recently adopted a comprehensive overhaul of its data protection regime in the form of the General Data Protection Regulation (“GDPR”), which came into effect in May of 2018. GDPR extends the scope of the existing EU data protection law to foreign companies processing personal data of EU residents. The regulation imposes a strict data protection compliance regime with severe penalties of 4% of worldwide turnover or €20 million, whichever is greater, and includes new rights such as the right of erasure of personal data. Although the GDPR applies across the EU, as has been the case under the current data protection regime, EU Member States have some national derogations and local data protection authorities (“DPAs”) will still have the ability to interpret the GDPR, which has the potential to create inconsistencies on a country-by-country basis. In addition, certain U.S. states, including the State of California, have enacted privacy and data protection laws. Implementation of, and compliance with the GDPR and other similar laws could increase our cost of doing business and/or force us to change our business practices in a manner adverse to our business. In addition, violations of the GDPR and other laws may result in significant fines, penalties and damage to our brand and business which could, individually or in the aggregate, materially harm our business and reputation.

We operate in a highly competitive industry, and some of our competitors and potential competitors have greater resources than we do.

Our products are sold in highly competitive markets throughout the world. We compete with several large national and international companies that offer a broad range of equipment and replacement parts that compete with our products, as well as with numerous small, privately-held manufacturers and suppliers of a limited number of products mainly on a regional basis. Some of our competitors are significantly larger than we are and have substantially greater financial and other resources at their disposal. We believe that we are able to compete successfully in our markets by, to some extent, avoiding direct competition with significantly larger potential competitors. There can be no assurance that our competitors will not substantially increase the resources devoted to the development and marketing of products competitive with our products or that new competitors with greater resources will not enter our markets. Any failure to effectively compete could have an adverse effect on our business, results of operations and financial condition.

Failure to develop new products or keep pace with technological developments may have a material adverse impact on our results of operations.

Our industry is affected by future technological developments. The introduction of new products or processes with innovative technologies could render our existing products or processes obsolete or unmarketable. Our success depends, to some extent, upon our ability to develop, market and sell cost-effective new products and applications that keep pace with technological developments in the markets we serve. We may not be successful in identifying, developing and marketing new products and applications or we may experience difficulties that could delay or prevent the successful development, introduction and marketing of such new products and applications, which could have a material adverse impact on our business and results of operations.

We operate and source internationally, which exposes us to the political, economic and other risks of doing business abroad.

We have operations in a number of countries outside of the United States and we source raw materials and components globally. Our international operations are subject to the risks normally associated with conducting business in foreign countries, including but not limited to the following:

•limitations on ownership and on repatriation of earnings;
•import and export restrictions, tariffs and quotas;
•additional expenses relating to the difficulties and costs of staffing and managing international operations;
•labor disputes and uncertain political and economic environments and the impact of foreign business cycles;
•changes in laws or policies;
•changes in any international trade agreements, such as any changes in European Union membership;
•delays in obtaining or the inability to obtain necessary governmental permits;
•potentially adverse consequences resulting from the applicability of foreign tax laws;
•cultural differences;
•increased expenses due to inflation;
•weak economic conditions in foreign markets where our subsidiaries distribute their products;
•changes in currency exchange rates;
•disruptions in transportation and port authorities; and
•regulations involving international freight shipments.

Operating in the international marketplace exposes us to a number of risks, including the need to comply with U.S. and foreign laws and regulations applicable to our foreign operations, including anti-corruption laws such as the Foreign Corrupt Practices Act and the U.K. Bribery Act, United States export control laws, and data privacy laws such as the recently enacted European GDPR. The costs of compliance with these various laws, regulations and policies can be significant and penalties for noncompliance could significantly and adversely impact our business. Our international operations may also be adversely affected by laws and policies affecting foreign trade, investment, taxation, and our ability to effectively source components and raw materials internationally. For example, any significant changes in U.S. trade policy, including the introduction of any new or expanded tariffs, could increase the cost of critical materials and supplies that we source internationally or negatively impact international sales of our products, which would have an adverse effect on our net sales and earnings.

In addition, political developments and governmental regulations and policies in the countries in which we operate directly affect the demand for our products. For example, decreases or delays in farm subsidies to our agricultural customers, or changes in environmental policies aimed at limiting mowing activities, could adversely affect our business, results of operations and financial condition.

Our acquisition strategy may not be successful, which may adversely affect our business, results of operations and financial condition.

We intend to grow internally and through the acquisition of businesses and assets that will complement our current businesses. To date, a material portion of our growth has come through acquisitions. We cannot be certain that we will be able to identify attractive acquisition targets, obtain financing for acquisitions on satisfactory terms or successfully acquire identified targets. Competition for acquisition opportunities may also increase our costs of making acquisitions or prevent us from making certain acquisitions. These and other acquisition-related factors may adversely impact our business, results of operations and financial condition.

We may be unable to complete or integrate existing or future acquisitions effectively, and businesses we have acquired, or may acquire in the future, may not perform as expected.

We may not be successful in integrating acquired businesses into our existing operations and achieving projected synergies. We could face many risks in integrating acquired businesses, including but not limited to the following:

•we may incur substantial costs, delays or other operational or financial challenges in integrating acquired businesses, including integrating each company's accounting, information technology, human resource and other administrative systems to facilitate effective management;
•we may be unable to achieve expected cost reductions, to take advantage of cross-selling opportunities, or to eliminate redundant operations, facilities and systems;
•we may need to implement or improve controls, procedures and policies appropriate for a public company which could take a significant amount of time and expense;
•acquisitions may divert our management’s attention from the operation of our existing businesses;
•we may not be able to retain key personnel of acquired businesses;
•there may be cultural challenges associated with integrating management and employees from the acquired businesses into our organization; and
•we may encounter unanticipated events, circumstances and legal risk and associated liabilities.

Our integration of acquired businesses requires significant efforts from the management of each entity, including coordinating existing business plans and research and development efforts. Integrating operations may distract management’s attention from the day-to-day operation of the combined companies. Ultimately, our attempts to integrate the operations, technology and personnel of acquired businesses may not be successful. If we are unable to successfully integrate acquired businesses, our future results may be negatively impacted.

In addition, we may be adversely affected if businesses that we have acquired, or that we acquire in the future, do not perform as expected. An acquired business could perform below our expectations for a number of reasons, including legislative or regulatory changes that affect the areas in which the acquired business specializes, the loss of customers and dealers, general economic factors that directly affect the acquired business, and the cultural incompatibility of its management team. Any or all of these reasons could adversely affect our business, results of operation and financial condition.

The agricultural industry and the infrastructure maintenance industry are seasonal and are affected by the weather, and seasonal fluctuations may cause our results of operations and working capital to fluctuate from quarter to quarter.

In general, agricultural and governmental end-users typically purchase new equipment during the first and second calendar quarters. Other products such as street sweepers, excavators, snow removal equipment, front-end loaders and pothole patchers have different seasonal patterns, as do replacement parts in general. In attempting to achieve efficient utilization of manpower and facilities throughout the year, we estimate seasonal demand months in advance and manufacturing capacity is scheduled in anticipation of such demand. We utilize an annual plan with updated quarterly sales forecasts provided by our marketing divisions and order backlog in order to develop a production plan for our manufacturing facilities. In addition, many of our marketing departments attempt to equalize demand for their products throughout the calendar year by offering seasonal sales programs which may provide additional incentives, including discounts and extended payment terms, on equipment that is ordered during off-season periods. Because we spread our production and wholesale shipments throughout the year to take into account the factors described above, sales in any given period may not reflect the timing of dealer orders and retail demand.

Weather conditions and general economic conditions may affect the timing of purchases and actual industry conditions might differ from our forecasts. In addition to seasonal factors, the agricultural industry is cyclical in nature with sales largely dependent on the state of the farm economy and, in particular, agriculture commodity prices and farm income. Consequently, sudden or significant declines in industry demand could adversely affect our working capital or results of operations.

If we do not retain key personnel and attract and retain other highly skilled employees, our business may suffer.

Our continued success will depend on, among other things, the efforts and skills of our executive officers, including our president and chief executive officer, and our ability to attract and retain additional highly qualified managerial, technical, manufacturing, and sales and marketing personnel. We do not maintain "key man" life insurance for any of our employees, and all of our senior management are employed at will. We cannot assure you that we will be able to attract and hire suitable replacements for any of our key employees. We believe the loss of a key executive officer or other key employee could have an adverse effect on our business, results of operations, and financial condition.

We may not be able to realize the potential or strategic benefits of the acquisitions we complete, or we may not be able to successfully address problems encountered in connection with acquisitions.

Acquisitions are an important part of our growth strategy. We have completed a number of acquisitions over the past several years. We expect to consider opportunities and make additional acquisitions in the future, but we may not find suitable acquisition targets or be able to consummate desired acquisitions due to among other things, unfavorable credit markets or other risks, which could harm our operating results. Acquisitions can be difficult, time-consuming, and pose a number of risks, including:

•potential negative impact on our earnings per share;
•failure of acquired products to achieve projected sales;
•problems in integrating the acquired products with our products;
•potential downward pressure on operating margins due to lower operating margins of acquired businesses,
•increased headcount costs and other expenses associated with adding and supporting new products;
•difficulties in retaining and integrating key employees;
•failure to realize expected synergies or cost savings;
•disruption of ongoing business operations, including diversion of management's attention and uncertainty for employees and customers, particularly during the post-acquisition integration process;
•potential negative impact on our relationships with customers, distributors and vendors; and
•the assumption of liabilities that are unknown to us at the time of closing.

If we do not manage these risks, the acquisitions that we complete may have an adverse effect on our business, our results of operations, or financial condition.

Increasingly stringent engine emission regulations could impact our ability to sell certain of our products into the market and appropriately price certain of our products, which could negatively affect our competitive position and financial results.

The products we manufacture or sell, particularly engines, are subject to increasingly stringent environmental emissions regulations. For instance, the EPA has adopted increasingly stringent engine emissions regulations, including Tier 4 emission requirements applicable to diesel engines in specified horsepower ranges that are used in some of our products. As of January 1, 2012, such requirements expanded to additional horsepower categories and, accordingly, apply to more of the products we sell. While we have developed and implemented plans to achieve full and timely compliance with these requirements, our ability to meet the Tier 4 requirements is subject to many variables, some of which are beyond our direct control. If we fail to meet the Tier 4 requirements and any other EPA emission standards that are currently in place or that may be introduced in the future, our ability to sell our products into the market may be limited, which could have a material adverse effect on our competitive position and financial results.

We are subject on an ongoing basis to the risk of product liability claims and other litigation arising in the ordinary course of business.

Like other manufacturers, we are subject to various claims, including product liability claims, arising in the ordinary course of business, and we are a party to various legal proceedings that constitute routine litigation incidental to our business. We may be exposed to product liability claims in the event that the use of our products results, or is alleged to result, in bodily injury, property damage, or both. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend the Company against such claims. While we currently have product liability insurance, we cannot assure you that our product liability insurance coverage will be adequate for any liabilities that may ultimately be incurred or that it will continue to be available on terms acceptable to us. A successful claim brought against us in excess of available insurance coverage or a requirement to participate in a product recall may have a materially adverse effect on our business.

We are subject to environmental, health and safety and employment laws and regulations and related compliance expenditures and liabilities.

Like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws and requirements, including those concerning air emissions, discharges into waterways, and the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, as well as the remediation of contamination associated with releases of hazardous substances at the Company’s facilities and offsite disposal locations, workplace safety and equal employment opportunities. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect that changes to such laws and regulations may have on the Company in the future. Like other industrial concerns, the Company’s manufacturing operations entail the risk of noncompliance, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Certain properties of the Company contain asbestos that may have to be remediated over time and it could be additional expense to the Company.

The Company is subject to various other federal, state, and local laws affecting its business, as well as a variety of regulations relating to such matters as working conditions, equal employment opportunities, and product safety. A variety of state laws regulate the Company’s contractual relationships with its dealers, some of which impose restrictive standards on the relationship between the Company and its dealers, including events of default, grounds for termination, non-renewal of dealer contracts, and equipment repurchase requirements.

If we are unable to comply with the terms of our credit arrangements, especially the financial covenants, our credit arrangements could be terminated.

We cannot assure you that we will be able to comply with all of the terms of our credit arrangements, especially the financial covenants. Our ability to comply with such terms depends on the success of our business and our operating results. Various risks, uncertainties, and events beyond our control could affect our ability to comply with the terms of our credit arrangements. If we were out of compliance with any covenant required by our credit arrangements following any applicable cure periods, the banks could terminate their commitments unless we could negotiate a covenant waiver. The banks could condition such waiver on amendments to the terms of our credit arrangements that may be unfavorable to us, including a potential increase to the interest rate we currently pay on outstanding debt under our credit arrangements could increase, which could adversely affect our operating results.

Fluctuations in currency exchange rates may adversely affect our financial results.

Our earnings are affected by fluctuations in the value of the U.S. dollar as compared to foreign currencies, predominantly in European countries, Canada and Australia, as a result of the sale of our products in international markets. While we do enter into foreign exchange contracts to protect against such fluctuations to an extent (primarily in the U.K. market), we cannot assure you that we will be able to effectively manage these risks. Significant long-term fluctuations in relative currency values, such as a devaluation of the Euro against the U.S. dollar, could have an adverse effect on our future results of operations or financial condition.

Risks related to investing in our common stock

Because the price of our common stock may fluctuate significantly, it may be difficult for you to resell our common stock when desired or at attractive prices.

The trading price of our common stock has and may continue to fluctuate. The closing prices of our common stock on the New York Stock Exchange during 2018 ranged from $120.13 to $73.92 per share, and during 2017 from $119.29 to $72.22 per share. Our stock price may fluctuate in response to the risk factors set forth herein and to a number of events and factors, such as quarterly variations in operating and financial results, litigation, changes in financial estimates and recommendations by securities analysts, the operating and stock performance of other companies that investors may deem comparable to us, news reports relating to us or trends in our industry or general economic conditions. The stock price volatility and trading volume may make it difficult for you to resell your shares of our common stock when desired or at attractive prices.

You may experience dilution of your ownership interests due to the future issuance of additional shares of our common stock.

We may issue shares of our previously authorized and unissued securities which will result in the dilution of the ownership interests of our present stockholders. We are currently authorized to issue 20,000,000 shares of common stock. On December 31, 2018, 11,736,924 shares of our common stock were issued and outstanding, and there were outstanding options and restricted stock awards totaling an additional 256,006 shares of our common stock. We also have additional shares available for grant under our 2015 Incentive Stock Option Plan and our 2009 Equity Incentive Plan. Additional stock option or other compensation plans or amendments to existing plans for employees and directors may be adopted. Issuance of these shares of common stock may dilute the ownership interests of our then existing stockholders. We may also issue additional shares of our common stock in connection with the hiring of personnel, future acquisitions, such as the 1,700,000 shares issued as consideration for the acquisition of *Bush Hog* in 2009, future private placements of our securities for capital raising purposes, or for other business purposes. This would further dilute the interests of our existing stockholders.

There is no assurance that we will continue declaring dividends or have the available cash to make dividend payments.

On December 19, 2018, the Board of Directors of the Company increased its quarterly dividend from $.11 per share to $.12 per share. Although we have paid a cash dividend in each quarter since becoming a public company in 1993, there can be no assurance that we will continue to declare dividends or that funds will continue to be available for this purpose in the future. The declaration and payment of dividends are restricted by the terms of our amended and restated revolving credit agreement, are subject to the discretion of our Board of Directors, are not cumulative, and will depend upon our profitability, financial condition, capital needs, future prospects, and other factors deemed relevant by our Board of Directors.

Provisions of our corporate documents may have anti-takeover effects that could prevent a change in control.

Provisions of our charter, bylaws and Delaware law could make it more difficult for a third party to acquire us, even if doing so would be beneficial to our stockholders. These provisions include prohibiting stockholders from calling stockholder meetings and prohibiting shareholder actions by written consent. Our Certificate of Incorporation and By-laws state that any amendment to certain provisions, including those provisions regarding limitations on action by written consent discussed above, be approved by the holders of at least two-thirds of our common stock. We are also afforded the protections of Section 203 of the Delaware General Corporation Law, which would prevent us from engaging in a business combination with a person who becomes a 15% or greater shareholder for a period of three years from the date such person acquired such status unless certain board or shareholder approvals were obtained.

Future sales, or the possibility of future sales, of a substantial amount of our common stock may depress the price of the shares of our common stock.

Future sales, or the availability for sale in the public market, of substantial amounts of our common stock could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities. If we or our existing stockholders sell substantial amounts of our common stock in the public market, or if there is a perception that these sales may occur, the market price of our common stock could decline.

Certain stockholders own a significant amount of our common stock, and their interests may conflict with those of our other stockholders.

As of December 31, 2018, four investors - BlackRock, Inc., Henry Crown and Company, Dimensional Fund Advisors LP and Victory Capital Management Inc. - beneficially owned approximately 43% of our outstanding common stock. As a result, the major stockholders combined could be able to significantly influence the direction of the Company, the election of our Board of Directors and the outcome of any other matter requiring stockholder approval, including mergers, consolidations and the sale of all or substantially all of our assets, and together with other beneficially owned investors, to prevent or cause a change in control of the Company. Also, pursuant to contractual obligations, affiliates of Henry Crown and Company, were entitled to certain rights with respect to the registration of the common stock owned by them under the Securities Act. Pursuant to such registration rights, on March 12, 2012, we filed a registration statement related to the common stock owned by such entities and such registration statement was declared effective by the SEC. The interests of the major stockholders may conflict with the interests of our other stockholders.

Item 1B. Unresolved Staff Comments

The Company has no unresolved staff comments to report pursuant to Item 1B.

Item 2. Properties

As of December 31, 2018, the Company utilized fourteen principal manufacturing plants located in the United States, five in Europe, four in Canada, one in Australia and one in Brazil. The facilities are listed below:

Facility	**Square Footage**		**Principal Types of Products Manufactured And Assembled**
Selma, Alabama*	769,000	Owned	Mechanical Rotary Mowers, Finishing Mowers, Zero Turn Radius Mowers, Backhoes, Front-End Loaders for *Bush Hog*
New Philadelphia, Ohio*	430,000	Owned	Telescopic Excavators for *Gradall* and Vacuum Trucks for *VacAll*
Gibson City, Illinois*	275,000	Owned	Mechanical Mowers, Blades, Post Hole Diggers, Deep Tillage Equipment, front-end loaders, backhoes, and other implements for *Rhino*, *Bush Hog* and OEM's
Seguin, Texas*	230,000	Owned	Hydraulic and Mechanical Rotary and Flail Mowers, Sickle-Bar Mowers, and Boom-Mounted Equipment for *Alamo Industrial*
Indianola, Iowa*	200,000	Owned	Distribution and Manufacturing of Aftermarket Farm Equipment Replacement and Wear Parts for *Herschel/Valu-Bilt*
Richmond, Virginia*	197,000	Leased	Leaf Collection Equipment and Replacement Brooms for Street Sweepers for *ODB*
Neuville, France*	195,000	Owned	Hydraulic and Mechanical Boom-Mounted Hedge and Grass Cutters for *Rousseau* and *SMA*
Ludlow, England*	160,000	Owned	Hydraulic Boom-Mounted Hedge and Grass Cutters and other Equipment for *McConnel* and

			Twose
Salford Priors, England*	157,000	Owned	Tractor-Mounted Power Arm Flails and other Equipment for *Bomford* and *Twose* and *Spearhead*
Sao Joao da Boa Vista, Brazil*	138,000	Owned	Agriculture Mowing Equipment and other Attachments for *Santa Izabel*
Chartres, France	136,000	Owned	Property held for sale
Huntsville, Alabama*	135,000	Owned	Air and Mechanical Sweeping Equipment for *Schwarze*
New Berlin, Wisconsin*	120,000	Owned	Municipal Snow Removal and Ice Control Equipment for *Wausau*
Englefeld, Saskatchewan, Canada*	105,000	Owned	Mechanical Rotary Mowers, Snow Blowers, and Rock Removal Equipment for *Schulte*
St. Valerien, Quebec, Canada*	100,000	Owned	Snow and Ice Removal Equipment for *Tenco*
Daumeray, France*	100,000	Owned	Vacuum Trucks, High Pressure Cleaning Systems and Trenchers for *Rivard*
Leavenworth, Kansas*	72,000	Owned	Snow Plows and Heavy-Duty Snow Removal Equipment for *Henke*
Sioux Falls, South Dakota*	66,000	Owned	Hydraulic and Mechanical Mowing Equipment for *Tiger*
New Berlin, Wisconsin*	55,000	Owned	Truck-Mounted Vacuum Trucks for *Super Products*
Hopkinton, New Hampshire	55,000	Owned	Distributor of Public Works and Runway Maintenance Products for *H.P. Fairfield*
Skowhegan, Maine	47,000	Owned	Distributor of Public Works and Runway Maintenance Products for *H.P. Fairfield*
Brookfield, Wisconsin*	46,000	Leased	Truck-Mounted Vacuum Trucks for *Super Products*
Kent, Washington*	42,800	Owned	Truck-Mounted Sweeping Equipment for the

			contractor market branded *NiteHawk*
Ayer's Cliff, Quebec, Canada*	41,000	Owned	Municipal Snow Removal and Ice Control Equipment for *Everest*
Fond du Lac, Wisconsin*	38,000	Owned	Municipal Snow Removal and Ice Control Equipment for *Wausau*
Peschadoires, France*	22,000	Owned	Replacement Parts for Blades, Knives and Shackles for *Forges Gorce*
Oakey, Australia*	18,000	Leased	Agriculture Mowing Equipment and other Attachments for *Fieldquip* and *Superior*
Drummondville, Quebec, Canada*	17,000	Owned	Heavy-Duty Snow Removal Equipment for *RPM*
Matao, Brazil	12,000	Owned	Agriculture Mowing Equipment and other Attachments for *Herder*
Installation & Rental Facilities, Warehouses & Sales	277,000	Leased	Services Parts Distribution, Installation Facilities and Sales Office
Offices, Seguin, Texas	21,000	Owned	Corporate Office
Total	4,221,855		

* Principal manufacturing plants

Approximately 87% of the manufacturing, warehouse and office space is owned. In 2018, the Company purchased the properties at the *NiteHawk* facility location in Kent, Washington, the *Santa Izabel* facility in Sao Joao da Boa Vista, Brazil and a new facility for *HP Fairfield* in Hopkinton, New Hampshire. The Company considers each of these facilities to be well maintained, in good operating condition and adequate for its present level of operations.

Item 3. Legal Proceedings

The Company is subject to various legal actions which have arisen in the ordinary course of its business. The most prevalent of such actions relate to product liability, which is generally covered by insurance after various self-insured retention amounts. While amounts claimed might be substantial and the ultimate liability with respect to such litigation cannot be determined at this time, the Company believes that the ultimate outcome of these matters will not have a material adverse effect on the Company’s consolidated financial position or results of operations; however, the ultimate resolution cannot be determined at this time. Like other manufacturers, the Company is subject to a broad range of federal, state, local and foreign laws and requirements, including those concerning air emissions, discharges into waterways, and the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste materials, as well as the remediation of contamination associated with releases of hazardous substances at the Company’s facilities and off-site disposal locations, workplace safety and equal employment opportunities. These laws and regulations are constantly changing, and it is impossible to predict with accuracy the effect that changes to such laws and regulations may have on the Company in the future. Like other industrial concerns, the Company’s manufacturing operations entail the risk of noncompliance, and there can be no assurance that the Company will not incur material costs or other liabilities as a result thereof.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

The Company’s common stock trades on the New York Stock Exchange under the symbol: ALG. On February 22, 2019, there were 11,739,074 shares of common stock outstanding, held by approximately 89 holders of record, but the total number of beneficial owners of the Company’s common stock exceeds this number. On February 22, 2019, the closing price of the common stock on the New York Stock Exchange was $94.72 per share.

The following table sets forth, for the period indicated, on a per share basis, the range of high and low sales prices for the Company’s common stock as quoted by the New York Stock Exchange. These price quotations reflect inter-dealer prices, without adjustment for retail markups, markdowns or commissions, and may not necessarily represent actual transactions.

2018				2017			
	Sales Price		Cash Dividends		Sales Price		Cash Dividends
Quarter Ended	High	Low	Declared	Quarter Ended	High	Low	Declared
March 31, 2018	$ 120.22	$ 103.38	$ .11	March 31, 2017	$ 79.50	$ 71.20	$ .10
	118.93	88.60	.11		92.67	71.72	.10

June 30, 2018				June 30, 2017			
September 30, 2018	102.29	88.13	.11	September 30, 2017	107.69	86.80	.10
December 31, 2018	93.45	72.85	.11	December 31, 2017	119.50	104.87	.10

On December 19, 2018, the Board of Directors of the Company declared a quarterly dividend of $.12 per share which was paid on January 29, 2019 to holders of record as of January 17, 2019. The Company expects to continue its policy of paying regular cash dividends, although there is no assurance as to future dividends as they depend on future earnings, capital requirements and financial condition. In addition, the payment of dividends is subject to restrictions under the Company's bank revolving credit agreement. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" in Item 7 of Part II of this Annual Report on Form 10-K for a further description of the bank revolving credit agreement.

Information relating to compensation plans under which equity securities of the Company are authorized for issuance is set forth in Part III, Item 12 of this Annual Report on Form 10-K.

Stock Price Performance Graph

The information contained in this Stock Performance Graph section shall not be deemed to be “soliciting material” or “filed” with the SEC or subject to the liabilities of Section 18 of the Exchange Act except to the extent that Alamo Group Inc. specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

The following graph and table set forth the cumulative total return to the Company's stockholders of our Common Stock during a five-year period ended December 31, 2018, as well as the performance of an overall stock market index (the S&P SmallCap 600 Index) and the Company's selected peer group index (the Russell 2000 Index).

The Company believes a representative industry peer group of companies with a similar business segment profile does not exist. The SEC has indicated that companies may use a base other than industry or line of business for determining its peer group index, such as an index of companies with similar market capitalization. Accordingly, the Company has selected the Russell 2000 Index, a widely used small market capitalization index, to use as a representative peer group.

*$100 invested on 12/31/13 in stock or index, including reinvestment of dividends.

Fiscal year ending December 31.

	12/13	12/14	12/15	12/16	12/17	12/18
Alamo Group Inc.	**100.00**	**80.27**	**86.87**	**127.68**	**190.25**	**130.91**
S&P SmallCap 600	**100.00**	**105.76**	**103.67**	**131.20**	**148.56**	**135.96**
Russell 2000	**100.00**	**104.89**	**100.26**	**121.63**	**139.44**	**124.09**

Item 6. Selected Financial Data

The following selected financial data is derived from the consolidated financial statements of Alamo Group Inc. and its subsidiaries. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

	Fiscal Year Ended December 31, [1]				
(in thousands, except per share amounts)	**2018**	**2017**	**2016**	**2015**	**2014**
Operations:					
Net sales	$ 1,008,822	$ 912,380	$ 844,748	$ 879,577	$ 839,055
Income before income taxes	94,531	82,367	62,189	66,867	60,605
Net income	73,486	44,315	40,045	43,209	41,151
Percent of sales	7.3 %	4.9%	4.7 %	4.9 %	4.9 %
Earnings per share					
Basic	6.30	3.84	3.50	3.81	3.47
Diluted	6.25	3.79	3.46	3.76	3.42
Dividends per share	0.44	0.40	0.36	0.32	0.28
Average common shares					
Basic	11,660	11,549	11,434	11,349	11,875
Diluted	11,761	11,682	11,565	11,482	12,039
Financial Position:					
Total assets	$ 721,633	$ 639,671	$ 552,776	$ 603,503	$ 632,886
Short-term debt and current maturities	119	82	73	77	551
Long-term debt, excluding current maturities	85,179	60,000	70,017	144,006	190,024
Stockholders' equity	$ 507,371	$ 449,108	$ 387,717	$ 360,469	$ 337,670

(1) Includes the results of operations of companies acquired from the closing dates of acquisitions.

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

Outlook

This report contains forward-looking statements that are based on Alamo Group’s current expectations. Actual results in future periods may differ materially from those expressed or implied because of a number of risks and uncertainties which are discussed below and in the Forward-Looking Information section beginning on page 11.

In 2018, several factors helped drive positive results in our business including, among other things, the full year benefit of the acquisitions we completed in 2017, improved demand in governmental and some of the non-governmental markets we serve, increased sales and rentals of vacuum truck equipment, modest strengthening in the UK and European agricultural markets, continuous improvement in our operational efficiencies and from the recently enacted Tax Cuts and Jobs Act ("TCJA") which reformed U.S. tax legislation. These positive factors more than offset the negative impacts on our business resulting from soft market conditions in U.S. agricultural sales, increased raw material and input costs and changes in trade policy by the U.S. and some of its trading partners. While the Company believes that some of the negative effects experienced in 2018 are showing signs of moderating in 2019, we remain cautious in terms of our outlook since market conditions and input costs can and do change regularly, while trade policy remains an area of uncertainty. As a result of improving market conditions, especially in our Industrial Division, our backlog substantially increased during the course of 2018 and, as of December 31, 2018, was in excess of $240 million, an increase of 10% over December 31, 2017. While this level of backlog is encouraging, it also challenges our capacities to efficiently produce products necessary to fulfill these higher order levels. Consequently, we have continued our focus on ongoing operational improvement initiatives and, as we did in 2018, we will increase capital expenditures in 2019 above the average capital expenditure levels of the past several years. In addition, we will continue to focus on employee retention efforts and related programs. We may also be negatively affected by several other unanticipated factors such as a weakness in the overall economy; significant changes in currency exchange rates; further changes in trade policy, increased levels of government regulations; weakness in the agricultural sector; acquisition integration issues; budget constraints or revenue shortfalls in governmental entities; and other risks and uncertainties as described in “Risk Factors.”

The following discussion should be read in conjunction with the consolidated financial statements of the Company and the notes thereto included elsewhere in this Annual Report on Form 10-K.

The following tables set forth, for the periods indicated, certain financial data:

	Fiscal Year Ended December 31,		
Net sales (data in thousands):	**2018**	**2017**	**2016**
Industrial	$ 598,930	$ 522,706	$ 484,088
Agricultural	235,069	227,389	205,834
European	174,823	162,285	154,826
Total net sales	$ 1,008,822	$ 912,380	$ 844,748
Cost and profit margins, as percentages of net sales:			
Cost of sales	74.6 %	74.3 %	75.7 %
Gross profit	25.4 %	25.7 %	24.3 %
	15.4 %	16.0 %	16.3 %

Selling, general and administrative expenses			
Income from operations	10.0%	9.7 %	8.0 %
Income before income taxes	9.4%	9.0 %	7.4 %
Net income	7.3%	4.9 %	4.7 %

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Results of Operations

Fiscal 2018 compared to Fiscal 2017

The Company's net sales in the fiscal year ended December 31, 2018 ("2018") were $1,008,822,000, an increase of $96,442,000 or 10.6% compared to $912,380,000 for the fiscal year ended December 31, 2017 ("2017"). The increase was mainly attributable to the increased demand for our products in the Company's Industrial and European Divisions. Our recent acquisitions of *Santa Izabel*, *ODB* and *RPM* added $39,396,000 to the increase in net sales. Also contributing to the increase in sales for 2018 were favorable currency translation effects primarily on our European sales.

Net Industrial sales were $598,930,000 in 2018 compared to $522,706,000 in 2017, an increase of $76,224,000 or 14.6%. The increase primarily came from higher sales of vacuum trucks, mowing equipment, sweepers, excavators and snow equipment. Also contributing to the increase were the acquisitions of *ODB* and *RPM* which together added $29,174,000 in net sales.

Net Agricultural sales were $235,069,000 in 2018 compared to $227,389,000 in 2017, representing an increase of $7,680,000 or 3.4%. The increase was a result of the acquisition of *Santa Izabel* which accounted for $10,222,000 in net sales. Negatively affecting this Division were soft market conditions which resulted from lower farm incomes and commodity prices and the impacts of new and retaliatory tariffs.

Net European sales increased $12,538,000 or 7.7% to $174,823,000 in 2018 compared to $162,285,000 in 2017. The increase was primarily due to improved sales in both the U.K. and French agricultural markets. Also contributing to sales in 2018 were the effects of currency translation rates.

Gross profit for 2018 was $256,115,000 (25.4% of net sales) compared to $234,693,000 (25.7% of net sales) in 2017, an increase of $21,422,000. The increase in gross profit for 2018 came from higher equipment sales in the Company's Industrial and European Divisions and, to a lesser extent, the acquisitions of *Santa Izabel*, *ODB* and *RPM*. Negatively affecting the gross margin and margin percentage for 2018 were higher steel, freight and other input costs (including tariff impacts) which more than offset productivity improvements, pricing actions, and purchasing initiatives. To a lesser extent, gross margin percentage was also impacted by the mix of higher wholegoods, tractor and chassis sales compared to modest higher margin part sales.

Selling, general and administrative expenses ("SG&A") were $155,027,000 (15.4% of net sales) in 2018 compared to $145,955,000 (16.0% of net sales) in 2017, an increase of $9,072,000. The increase in SG&A was primarily the result of the acquisitions of *Santa Izabel*, *ODB* and *RPM* in the amount of $5,120,000 and to a lesser extent higher commissions and other selling expenses and higher spending on research and development projects.

Interest expense for 2018 was $5,493,000 compared to $4,839,000 in 2017, an increase of $654,000 or 13.5%. The increase in expense in 2018 came from higher debt levels from increased demands in working capital and an increase in interest rates during 2018.

Other income (expense), net was expense of $1,474,000 during 2018 compared to expense of $1,868,000 in 2017. The expense in 2018 and the expense in 2017 were primarily the result of changes in exchange rates.

Provision for income taxes was $21,045,000 (22.3% of income before income taxes) for 2018 compared to $38,052,000 (46.2% of income before income taxes) in 2017. The decrease in both income taxes and the effective tax rate was due to the recent enactment of the TCJA that lowered the U.S. statutory income tax rate from 35% in 2017 to 21% in 2018. In addition, the Company recorded during 2018, a net benefit to income taxes of $3,334,000 relating to the adjustment in the provisional amounts recorded in the fourth quarter of 2017 upon enactment of TCJA, as more fully described in Note 13 of the Notes to the Consolidated Financial Statements. The combination of these two factors reduced the Company's effective income tax rate for 2018 to 22.3%.

Net income for 2018 was $73,486,000 compared to $44,315,000 in 2017, due to the factors described above.

Fiscal 2017 compared to Fiscal 2016

The Company’s net sales in the fiscal year ended December 31, 2017 (“2017”) were $912,380,000, an increase of $67,632,000 or 8.0% compared to $844,748,000 for the fiscal year ended December 31, 2016 (“2016”). The increase was mainly attributable to the increased demand for our products in all three of the Company's Divisions. Also contributing to the increase in sales were the acquisitions of *Santa Izabel*, *ODB* and *RPM* in the amount of $25,488,000.

Net Industrial sales were $522,706,000 in 2017 compared to $484,088,000 in 2016, an increase of $38,618,000 or 8.0%. The increase primarily came from higher sales of mowing equipment, sweepers, excavators and vacuum trucks. Also contributing to the increase were the acquisitions of *ODB* and *RPM* which together added $19,759,000. These increases were offset by lower sales of snow removal products due to mild weather conditions during the early part of 2017.

Net Agricultural sales were $227,389,000 in 2017 compared to $205,834,000 in 2016, representing an increase of $21,555,000 or 10.5%. The increase resulted from higher demand for our products despite some continued softness in the overall agricultural market. Also contributing to the increase was the acquisition of *Santa Izabel* in the amount of $5,729,000.

Net European sales increased $7,459,000 or 4.8% to $162,285,000 in 2017 compared to $154,826,000 in 2016. The increase was primarily due to improved sales in the U.K. and French agricultural markets as well as increased sales from *Rivard* vacuum trucks. Negatively affecting European sales in 2017 were currency translation rates.

Gross profit for 2017 was $234,693,000 (25.7% of net sales) compared to $205,099,000 (24.3% of net sales) in 2016, an increase of $29,594,000. The increase in gross profit for 2017 came from higher equipment and part sales in all three of the Company's divisions and, to a lesser extent, the acquisitions of *Santa Izabel*, *ODB* and *RPM*. The increased higher margin percentage for 2017 came from productivity improvements, pricing actions, and purchasing initiatives.

Selling, general and administrative expenses (“SG&A”) were $145,955,000 (16.0% of net sales) in 2017 compared to $137,479,000 (16.3% of net sales) in 2016, an increase of $8,476,000. The increase in SG&A was primarily the result of the acquisitions of *Santa Izabel*, *ODB* and *RPM* in the amount of $4,491,000 and to a lesser extent higher commissions and other selling expenses due to increased sales as well as transactional costs relating to the acquisitions.

Interest expense for 2017 was $4,839,000 compared to $5,914,000 in 2016, a decrease of $1,075,000 or 18.2%.The decrease in expense in 2017 came from lower debt levels despite a marginal increase in interest rates during 2017.

Other income (expense), net was expense of $1,868,000 during 2017 compared to income of $269,000 in 2016. The expense in 2017 and the income in 2016 were primarily the result of changes in exchange rates.

Provision for income taxes was $38,052,000 (46.2% of income before income taxes) for 2017 compared to $22,144,000 (35.6% of income before income taxes) in 2016. The increases in both income taxes and the effective tax rate were primarily due to a $10,236,000 tax expense in 2017 resulting from the implementation of the provisions under the TCJA signed into law on December 22, 2017. The effective rate for 2017, excluding the impact of the $10,236,000 expense related to TCJA, was 33.8%.

See Note 13 of the consolidated financial statements for additional information about the TCJA and $10,236,000 expense recorded by the Company.

Net income for 2017 was $44,315,000 compared to $40,045,000 in 2016, due to the factors described above.

Liquidity and Capital Resources

In addition to normal operating expenses, the Company has ongoing cash requirements which are necessary to conduct the Company's business, including inventory purchases and capital expenditures. The Company's inventory and accounts payable levels, particularly in its Agricultural Division, build in the first quarter and early spring and, to a lesser extent, in the fourth quarter in anticipation of the spring and fall selling seasons. Accounts receivable historically build in the first and fourth quarters of each year as a result of pre-season sales and year round sales programs. These sales, primarily in the Agricultural Division, help balance the Company's production during the first and fourth quarters.

As of December 31, 2018, the Company had working capital of $351,991,000, which represents an increase of $60,827,000 from working capital of $291,164,000 as of December 31, 2017. The increase in working capital was primarily due to sales growth and increased demand for our products which is reflected in the Company's higher backlog in both the Industrial and European Divisions as well as higher inventory levels from longer lead-times for purchased components.

Capital expenditures were $26,587,000 for 2018, compared to $13,490,000 for 2017 which included the purchase of the land and buildings at the Company's *NiteHawk* and *Santa Izabel* facilities in the amount of $7,794,000. The Company will continue to have higher capital expenditures in order to increase production capacity, support improvement in operational efficiencies, invest in technology as well as acquiring new manufacturing locations or purchasing currently leased facilities. We will fund future capital expenditures from operating cash flows or through its revolving credit facility, described below.

In conjunction with our implementation of the provisions of TCJA, and as more fully described in Note 13 to the consolidated financial statements, we recorded a liability in 2017 for the estimated U.S. federal tax due on the deemed repatriation of the accumulated earnings and profits of our international subsidiaries not previously distributed. We will pay this liability over the eight-year period permitted by the TCJA provisions. The deemed repatriation of these accumulated earnings and profits are no longer subject to any U.S. federal income tax consequences associated with the repatriation of the Company's $23,209,000 in cash and cash equivalents held by its foreign subsidiaries as of December 31, 2018; however, a portion would be subject to foreign withholding tax. The majority of these funds are at our French and Canadian facilities. As a result of the fundamental changes to the taxation of multinational corporations created by TCJA, we no longer intend to permanently reinvest all of the historical undistributed earnings of our European foreign affiliates. While the Company intends to use some of these funds for working capital and capital expenditures outside the U.S., recent changes in the U.S. tax laws have substantially mitigated the cost of repatriation. Consequently, the Company now intends to repatriate foreign cash and cash equivalents in excess of amounts needed to fund foreign operating and investing activities. Repatriated funds will initially be used to reduce funded debt levels under the Company's current credit facility and subsequently used to fund working capital, capital investments and acquisitions company-wide.

Net cash provided by operating activities was $12,910,000 for 2018, compared to $70,804,000 for 2017. The decrease of cash from operating activities came primarily from volume related increases in working capital due to higher inventory levels and increased investment in rental equipment in the Industrial Division and increased inventory levels in the European Division due to sales growth.

Net cash used in investing activities was $25,358,000 for 2018, compared to $51,276,000 for 2017. The decrease in cash used in investing activities was primarily due to the acquisitions of *Santa Izabel*, *ODB* and *RPM* in 2017.

Net cash provided by financing activities was $22,208,000 for 2018, compared to net cash used of $12,400,000 for 2017. The increase in cash used in financing activities was due to the increase in working capital in 2018 from sales growth in the Industrial Division and to a lessor extent from the European Division. Also contributing to the increase in 2018 was higher purchases of property, plant and equipment.

The Company maintains an unsecured revolving credit facility with certain lenders under its Amended and Restated Revolving Credit Agreement ("Agreement"). The aggregate commitments from lenders under this Agreement are $250,000,000 and, subject to certain conditions, the Company has the option to request an increase in aggregate commitments of up to an additional $50,000,000. The Agreement requires us to maintain various financial covenants including a minimum earnings before interest and tax to interest expense ratio, a maximum leverage ratio and a minimum asset coverage ratio. The Agreement also contains various covenants relating to limitations on indebtedness, limitations on investments and acquisitions, limitations on sale of properties, and limitations on liens and capital expenditures. The Agreement also contains other customary covenants, representations and events of defaults. Effective December 20, 2016, the Company amended its revolving credit facility to extend the termination date, reduce LIBOR interest margin and to modify certain financial and other covenants in order to meet the ongoing needs of the Company's business and to allow for greater flexibility in relation to future acquisitions. The expiration date of the revolving credit facility is December 20, 2021. As of December 31, 2018, $85,000,000 was outstanding under the Agreement. On December 31, 2018, $1,388,000 of the revolver capacity was committed to irrevocable standby letters of credit issued in the ordinary course of business as required by vendors' contracts resulting in $163,612,000 in available borrowings. As of December 31, 2018, the Company was in compliance with the terms and conditions of the Agreement.

Management believes the revolving credit facility and the Company’s ability to internally generate funds from operations should be sufficient to meet the Company’s cash requirements for the foreseeable future. However, challenges affecting the banking industry and credit markets in general can potentially cause changes to credit availability, which creates a level of uncertainty.

Inflation

The Company believes that inflation generally has not had a material impact on its operations or liquidity. The Company is exposed to the risk that the price of energy, steel and other purchased components may increase and the Company may not be able to increase the price of its products correspondingly. If this occurs, the Company’s results of operations would be adversely impacted.

Accounting Pronouncements Adopted on January 1, 2018

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” which supersedes the revenue recognition requirements in Accounting Standards Codification ("ASC") Topic 605. “Revenue Recognition,” and most industry-specific guidance. Effective January 1, 2018 the Company adopted the provisions of Topic 606 using the modified retrospective method of adoption. There was no impact to our financial position or results of operations as of and for the nine months ended September 30, 2018 as a result of adopting Topic 606. Therefore, there was no cumulative-effect adjustment to retained earnings as of January 1, 2018 for the impact of the adoption of Topic 606. See “Revenue Recognition” below for our accounting policy affected by our adoption of Topic 606.

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, “Leases.” This update requires that a lessee recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. Similar to current guidance, the update continues to differentiate between finance leases and operating leases, however this distinction now primarily relates to differences in the manner of expense recognition over time and in the classification of lease payments in the statement of cash flows. The updated guidance leaves the accounting for leases by lessors largely unchanged from existing GAAP. The guidance will become effective for us on January 1, 2019. As a lessee, this standard will primarily impact our accounting for long-term real estate and office equipment leases, for which we will recognize a right-of-use asset and a corresponding lease liability on our consolidated balance sheet. We will apply this guidance prospectively, beginning January 1, 2019 and currently estimate the impact on our balance sheet to be approximately $8 million. We are nearing completion of our process to implement a lease accounting system for our leases, including the conversion of our existing lease data to the new system and implementing relevant internal controls and procedures.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments - Credit Losses,” to improve information on credit losses for financial instruments. The ASU replaces the current incurred loss impairment methodology with a methodology that reflects expected credit losses. The ASU is effective for the Company for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early adoption is permitted beginning in fiscal years beginning after December 18, 2018. The

Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, “Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income,” to allow reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act ("TCJA"). Upon adoption of the ASU, entities will be required to disclose a description of the accounting policy for releasing income tax effects from accumulated other comprehensive income. The standard is required to be adopted for periods beginning after December 15, 2018, with early adoption available for any set of financial statements that have yet to be issued or made available for issuance including retrospectively for any period in which the effect of the change is the U.S. corporate income tax rate in the TCJA is recognized. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, “Income Taxes (Topic 740)-Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118,” which amends certain SEC material in Topic 740 for the income tax accounting implications of the recently issued Tax Reform. This guidance clarifies the application of Topic 740 in situations where a registrant does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting under ASC Topic 740 for certain income tax effects of Tax Reform for the reporting period in which the Tax Reform was enacted. During 2018, we revised our initial provisional amount recorded for the transitional tax on the deemed repatriation of the accumulated earnings and profits of our international subsidiaries and the impact of the federal tax rate change on the value of our deferred tax assets and liabilities. For further information, see Note 13 to the consolidated financial statements.

In August 2018, the FASB issued Accounting Statement Update (ASU) No. 2018-13 “Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement”, which modifies the disclosures requirements on fair value measurements. Among other things, the amendments add disclosures for changes in unrealized gains and losses on Level 3 fair value measurements and requires additional disclosures on unobservable inputs associated with Level 3 assets. The guidance will become effective for us on January 1, 2020. The impacts that adoption of the ASU is expected to have on our financial disclosures is being evaluated.

In August 2018, the FASB issued Accounting Statement Update (ASU) No. 2018-14, “Compensation, Defined Benefit Plans,” which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The update removes certain disclosures that are no longer considered cost beneficial and adds disclosure requirements identified as relevant. The guidance will become effective for us on January 1, 2021 with early adoption permitted for any financial statements that have not been issued. The impacts that adoption of the ASU is expected to have on our financial disclosures is being evaluated.

Off-Balance Sheet Arrangements

There are currently no off-balance sheet arrangements that have or are currently likely to have a current or future material effect on our financial condition.

Contractual and Other Obligations

The following table shows the Company’s approximate obligations and commitments to make future payments under contractual obligations as of December 31, 2018:

	Payment due by period								
(in thousands)		**Less than**		**1-3**		**3-5**		**More than**	
Contractual Obligations	**Total**	**1 Year**		**Years**		**Years**		**5 Years**	
Long-term debt obligations	$ 85,000	$	—	$	85,000	$	—	$	—
Capital lease obligations	298	119		158		21		—	
Interest obligations									