



For: Alamo Group Inc.

Contact: Dan E. Malone
Executive Vice President & CFO
830-372-9581

Financial Relations Board
Marilynn Meek
212-827-3773

ALAMO GROUP INC. COMPLETES ACQUISITION OF MORBARK, LLC

SEGUIN, Texas, October 24, 2019 -- Alamo Group Inc. (NYSE: ALG) reported today that it has completed the previously announced acquisition of Morbark, LLC, a former portfolio company of Stellex Capital Management, for a total consideration of approximately \$352 million, on a debt free basis and subject to certain post-closing adjustments. This includes the products sold under the Morbark, Rayco, Denis Cimaf and Boxer brand names.

Morbark is a leading manufacturer of equipment and aftermarket parts for the forestry tree maintenance, biomass, land management and recycling markets. Their products include a broad range of tree chippers, grinders, flails, debarkers, stump grinders, mulchers and brush cutters plus related aftermarket spare and wear parts. Morbark products are sold through a network of independent dealers with about 300 sales locations. The company, with approximately 720 employees, is based in Winn, Michigan, with subsidiary operations in Wooster, Ohio and Roxton Falls, Quebec.

Net sales for 2018 adjusted for the full year effect of Morbark's acquisition of Denis Cimaf, which took place in December 2018, was \$225.5 million on an unaudited basis. Adjusted EBITDA in 2018 was \$40.6 million.⁽¹⁾

Morbark's 2019 trailing twelve month (TTM) results for the period ending September 30, 2019 on an unaudited basis include net sales of \$235.9 million and adjusted EBITDA of \$39.8 million.⁽¹⁾

Based on the information we have available, we currently believe Morbark is on track to achieve net sales for the full year ending December 31, 2019 of \$245.0 million and adjusted EBITDA of \$42.9 million.⁽¹⁾ Actual results may differ materially from this current estimate. And, only the results for the remainder of the year are for Alamo's benefit. The above financial information is further outlined in the attached schedule.

Ron Robinson, Alamo Group's President and Chief Executive Officer commented, "We are very pleased to have completed this acquisition as Morbark is a strong fit with Alamo. Their products complement ours and they have been growing steadily in a sector which should continue to perform well. As is our general practice, we intend to maintain the Morbark brands in the market place and are glad that Dave Herr, President of Morbark, will continue in that role as part of Alamo Group. This is an exciting opportunity for our Company."

In connection with this acquisition, Alamo has expanded its credit facility from \$250 million to \$650 million to accommodate this event and the ongoing needs of the combined entities. The new credit facility has a five-year duration and consists of a \$300 million term loan and a \$350 million revolving line of credit. The new credit facility includes all of the banks involved in the previous arrangement, plus two new participants.

About Alamo Group

Alamo Group is a leader in the design, manufacture, distribution and service of high quality equipment for infrastructure maintenance, agriculture and other applications. With our acquisition of Morbark, our products include truck and tractor mounted mowing and other vegetation maintenance equipment, street sweepers, snow removal equipment, forestry and tree maintenance equipment, excavators, vacuum trucks, other industrial equipment, agricultural implements and related after-market parts and services. The Company, founded in 1969, and including the units of Morbark, has approximately 4,345 employees and operates 32 plants in North America, Europe, Australia and Brazil as of October 24, 2019. The corporate offices of Alamo Group Inc. are located in Seguin, Texas.

Forward Looking Statements

This release contains forward-looking statements that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "will," "anticipate," "preliminary," "expect," "believes," "intend" and similar expressions identify forward looking statements. These statements reflect Alamo's current beliefs and are based on information currently available to it. Forward-looking statements include, but are not limited to, statements about the benefits of the Morbark acquisition, including future financial results, performance, growth, and other statements that are not historical facts. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Company's, including Morbark's actual results, performance or achievements to differ materially from those expressed or implied by such statements. Among those factors which could cause actual results to differ materially are the following: market demand, competition, weather, seasonality, currency-related issues, acquisition integration risks, and other risk factors listed from time to time in the Company's SEC reports. The Company does not undertake any obligation to update the information contained herein, which speaks only as of this date.

###

(1) This is a non-GAAP financial measure that we have provided to investors in order to allow greater transparency and a deeper understanding of the financial results presented herein. For a reconciliation of the non-GAAP financial measures refer to the "Morbark, LLC Non-GAAP Financial Reconciliation" below.

Morbark, LLC
Non-GAAP Financial Reconciliation
(Unaudited)

(in millions)	2018 ^(a)	2019 ^(b)	2019 ^(c)
Net sales	\$ 225.5	\$ 235.9	\$ 245.0
Net Income	\$ 12.1	\$ 16.6	\$ 27.3
Add:			
Provision for income taxes	0.6	0.9	1.0
Interest expense	3.0	4.1	3.8
Depreciation	3.0	3.5	3.3
Amortization	3.9	4.3	4.5
Sub-total	\$ 10.5	\$ 12.8	\$ 12.6
One-time adjustments:			
Run rate adjustments (Cost for various mfg projects/initiatives)	7.6	0.6	—
Acquired inventory adjustments	4.5	3.7	—
Long-term incentive plan	3.8	3.8	—
MRP implementation	—	0.1	0.9
Various other (mgmt, legal, prof fees, etc.)	2.1	2.2	2.1
Total One-time adjustments	\$ 18.0	\$ 10.4	\$ 3.0
Adjusted EBITDA	\$ 40.6	\$ 39.8	\$ 42.9

^(a) Includes full year effect of the Denis Cimaf acquisition.

^(b) Represents trailing 12 months as of September 30, 2019

^(c) Projected full year forecast as of December 31, 2019