



# Alamo Group (ALG)

Updated May 5<sup>th</sup>, 2026, by Nikolaos Sismanis

## Key Metrics

<b>Current Price:</b>	\$172	<b>5 Year Annual Expected Total Return:</b>	13.7%	<b>Market Cap:</b>	\$2.11 B
<b>Fair Value Price:</b>	\$180	<b>5 Year Growth Estimate:</b>	12.0%	<b>Ex-Dividend Date:</b>	07/16/2026 <sup>1</sup>
<b>% Fair Value:</b>	96%	<b>5 Year Valuation Multiple Estimate:</b>	1.7%	<b>Dividend Payment Date:</b>	07/29/2026
<b>Dividend Yield:</b>	0.8%	<b>5 Year Price Target</b>	\$317	<b>Years Of Dividend Growth:</b>	12
<b>Dividend Risk Score:</b>	A	<b>Sector:</b>	Industrials	<b>Rating:</b>	Buy

## Overview & Current Events

Alamo is a leading designer, manufacturer, and service provider of high-quality equipment for vegetation management and infrastructure maintenance, serving governmental, industrial, and agricultural markets. Its extensive product lineup includes tractor-mounted and self-propelled mowers, zero-turn mowers, agricultural implements, forestry and wood recycling equipment, street sweepers, vacuum trucks, and snow removal equipment. Alamo operates 27 plants across North America, South America, Europe, and Australia to produce this equipment. Its products are primarily sold through a network of independent dealers and distributors to government entities, contractors, and commercial customers, with North America, South America, Europe, and Australia as its key markets. Founded in 1969 and headquartered in Seguin, Texas, Alamo generated \$1.60 billion in revenues last year.

On May 4<sup>th</sup>, 2026, Alamo released its Q1 results for the period ending March 31<sup>st</sup>, 2026. For the period, sales increased by about 6.7% to \$417.1 million, as Industrial Equipment sales rose 6.5% to \$241.7 million and Vegetation Management sales rose 7.0% to \$175.4 million. Backlog remained healthy at \$603.0 million, and the company also closed the Petersen acquisition and began work on synergy realization. Adjusted EPS was \$2.56 for Q1, down from \$2.70 last year. GAAP EPS was \$2.41, down from \$2.64 last year. For FY2026, we expect adjusted EPS of \$10.00. All past figures in our table are in GAAP.

## Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
<b>EPS</b>	\$3.50	\$3.84	\$6.30	\$5.38	\$4.91	\$6.78	\$8.58	\$11.42	\$9.69	\$8.64	<b>\$10.00</b>	<b>\$17.62</b>
<b>DPS</b>	\$0.36	\$0.40	\$0.44	\$0.48	\$0.52	\$0.56	\$0.72	\$0.88	\$1.04	\$1.20	<b>\$1.36</b>	<b>\$2.40</b>
<b>Shares<sup>2</sup></b>	11.4	11.5	11.7	11.7	11.8	11.8	11.9	11.9	12.0	12.1	<b>12.1</b>	<b>13.0</b>

Alamo EPS growth over the past decade can be mainly attributed to the company's serial-acquisition and integration strategy, organic growth demand, and operational efficiencies. In 2016 and 2017, EPS was relatively stable, as Alamo focused on smaller acquisitions and refining its operations. The acquisition of Fieldquip in 2014, a manufacturer of rotary cutters and a distributor of various lifestyle products expanded Alamo's presence in Australia and was one of the most noteworthy buyouts at the time.

In 2018, EPS saw a significant jump to \$6.30. This growth was largely driven by the acquisition of Santa Izabel Agro Industria, which strengthened Alamo's position in Brazil's vast agricultural market, and the acquisition of Old Dominion Brush Company. The latter diversified Alamo's product portfolio with leaf collection equipment and replacement brooms for street sweepers, both of which are sold to municipalities. The years 2019 and 2020 were marked by fluctuations in EPS, with a slight decline to \$4.91 by 2020. This period included the pivotal acquisition of Morbark, which improved Alamo's portfolio in the forestry and recycling sectors. However, the COVID-19 pandemic's impact on global markets caused a temporary setback in the company's earnings.

<sup>1</sup> Estimated dates based on past dividend dates.

<sup>2</sup> Share count is in millions.

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Recovery began in 2021, with EPS rising to \$6.78 as Morbark was integrated and markets rebounded post-pandemic. Timberwolf also added to growth that year. EPS then increased to \$8.58 in 2022 and reached a record \$11.42 in 2023, before normalizing to \$9.69 in 2024 and \$8.59 in 2025 amid softness in forestry, tree care, agricultural, and Vegetation Management markets.

We believe Alamo's medium-term growth will be powered by continued focus on acquisitions, rising infrastructure spending globally, and improving operational efficiencies. We have set an annual growth rate of 12% in our estimates.

Alamo has raised its dividend every year since 2014, achieving a 14% CAGR over the past decade. Payouts were stable from 2013 to 2014, resetting its growth track record. Previously, it remained flat from 2000 to 2012 and was cut in 1999.

## Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	16.7	21.9	15.8	18.4	22.9	20.8	16.2	14.4	19.4	22.1	<b>17.2</b>	<b>18.0</b>
Avg. Yld.	0.6%	0.5%	0.4%	0.5%	0.5%	0.4%	0.5%	0.5%	0.6%	0.6%	<b>0.8%</b>	<b>0.8%</b>

Alamo's valuation has historically fluctuated between the mid-teens and low 20s, in-line with its earnings growth during different periods. Today, the stock trades at 17.2 times our projected EPS for the year, which we feel undervalues the stock. The dividend yield has been low over the years. We anticipate this trend will continue, despite the company's strong potential for dividend growth.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	10%	10%	7%	9%	11%	8%	8%	8%	11%	14%	<b>14%</b>	<b>14%</b>

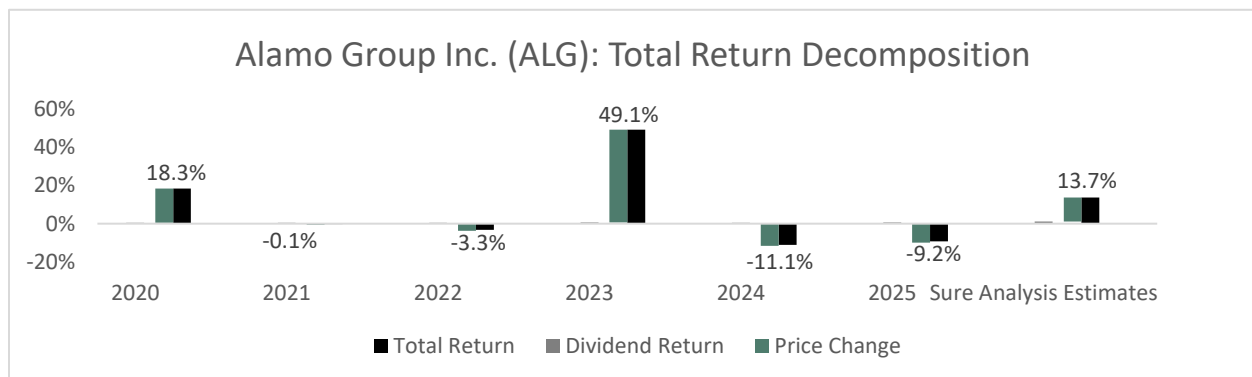
Alamo Group has strong competitive advantages, including a diverse product portfolio, a global presence, and a focus on niche markets like vegetation management and infrastructure maintenance. Its serial acquisition strategy has expanded its offerings and fortified its market position, creating a solid moat. Also, its customer base, particularly in government adds stability, contributing to its resilience during economic downturns. Evidently, Alamo remained profitable during the Great Financial Crisis and quickly recovered from the COVID-19 pandemic. However, it remains somewhat vulnerable to economic cycles, particularly in sectors reliant on government spending. In any case, we believe its dividend is very safe.

## Final Thoughts & Recommendation

Alamo has managed to grow consistently over the years, executing a proven serial-acquisition strategy. We expect that the company's strong momentum will be sustained moving forward, with EPS and DPS estimated to grow at a CAGR of 12%. Along with the yield and a potential valuation tailwind, we project annualized returns of 13.7% through 2031.

Shares earn a buy rating.

## Total Return Breakdown by Year



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## Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Revenue</b>	845	912	1,009	1,119	1,163	1,334	1,514	1,690	1,629	1,604
<b>Gross Profit</b>	205	235	256	273	294	335	377	454	412	381
<b>Gross Margin</b>	24.3%	25.7%	25.4%	24.4%	25.2%	25.1%	24.9%	26.8%	25.3%	23.8%
<b>SG&amp;A Exp.</b>	137	143	152	173	184	203	213	240	231	230
<b>D&amp;A Exp.</b>	21	20	23	30	44	44	47	48	53	55
<b>Operating Profit</b>	68	89	101	95	95	117	149	198	165	152
<b>Operating Margin</b>	8.0%	9.7%	10.0%	8.5%	8.1%	8.8%	9.8%	11.7%	10.1%	9.5%
<b>Net Profit</b>	40	44	73	63	58	80	102	136	116	104
<b>Net Margin</b>	4.7%	4.9%	7.3%	5.6%	5.0%	6.0%	6.7%	8.1%	7.1%	6.5%
<b>Free Cash Flow</b>	66	57	(14)	57	166	24	(17)	93	185	145
<b>Income Tax</b>	22	38	21	21	22	29	32	39	34	36

## Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Total Assets</b>	553	640	722	1,213	1,122	1,206	1,309	1,409	1,450	1,607
<b>Cash &amp; Equivalents</b>	17	25	34	42	50	42	47	52	197	310
<b>Accounts Receivable</b>	170	206	228	238	209	238	318	362	306	277
<b>Inventories</b>	136	156	177	268	243	321	353	377	343	383
<b>Goodwill &amp; Int. Ass.</b>	125	138	132	404	388	386	367	375	354	360
<b>Total Liabilities</b>	165	191	214	643	487	500	523	477	432	458
<b>Acct. Payables</b>	43	56	54	82	75	101	98	100	85	125
<b>Long-Term Debt</b>	70	60	85	444	285	270	302	235	220	214
<b>Shareholder's Equity</b>	388	449	507	570	635	706	785	933	1,018	1,149
<b>LTD/E Ratio</b>	0.18	0.13	0.17	0.78	0.45	0.38	0.38	0.25	0.22	0.19

## Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Return on Assets</b>	6.9%	7.4%	10.8%	6.5%	5.0%	6.9%	8.1%	10.0%	8.1%	6.8%
<b>Return on Equity</b>	10.7%	10.6%	15.4%	11.7%	9.6%	12.0%	13.7%	15.9%	11.9%	9.6%
<b>ROIC</b>	8.3%	9.2%	13.3%	7.9%	6.0%	8.5%	9.9%	12.1%	9.6%	7.9%
<b>Shares Out.</b>	11.4	11.5	11.7	11.7	11.8	11.8	11.9	11.9	12.0	12.1
<b>Revenue/Share</b>	73.04	78.10	85.78	94.84	98.22	112.16	126.83	140.96	135.29	132.79
<b>FCF/Share</b>	5.71	4.91	(1.17)	4.86	14.05	2.05	(1.41)	7.79	15.33	12.02

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

### Disclaimer

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