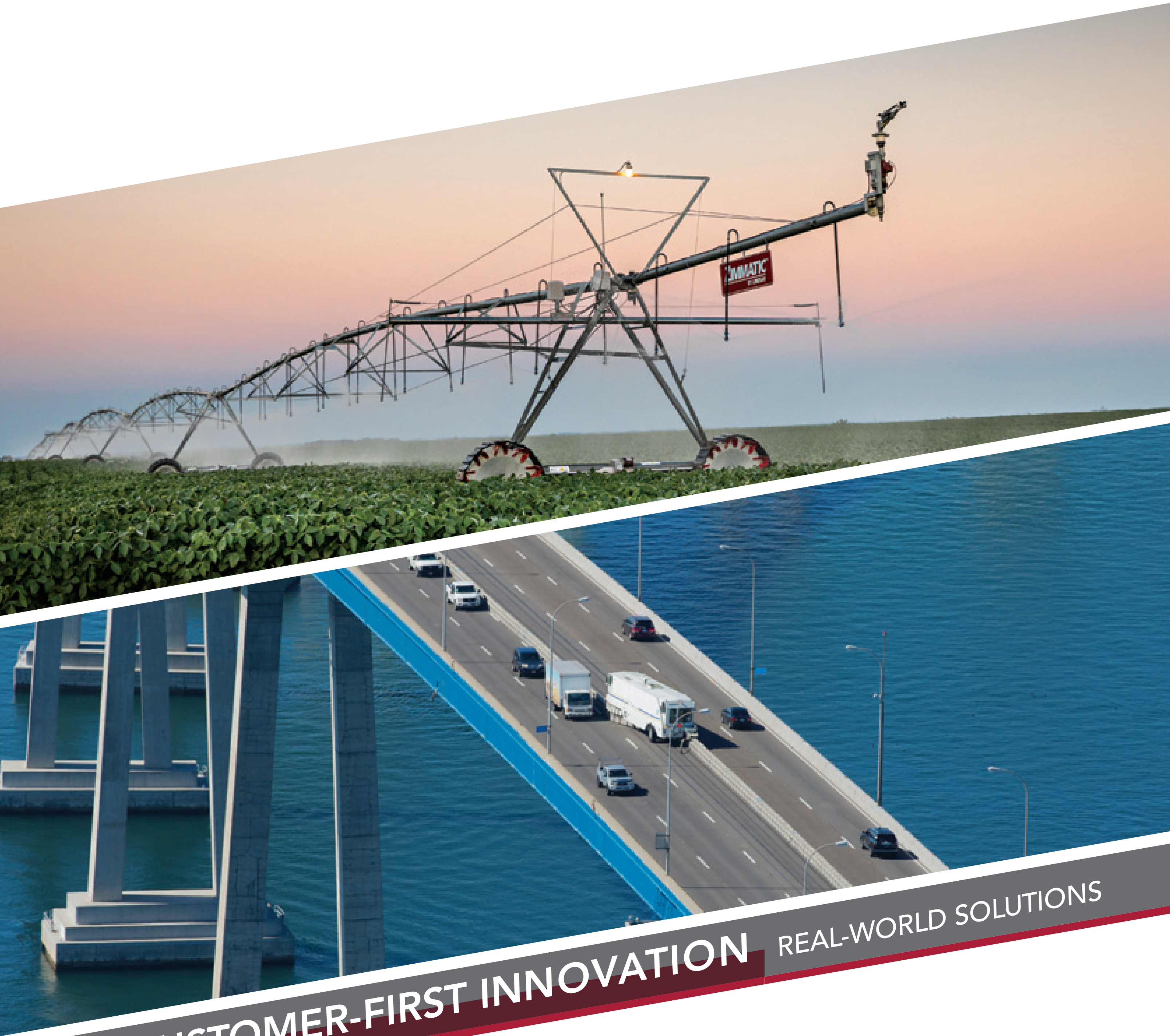


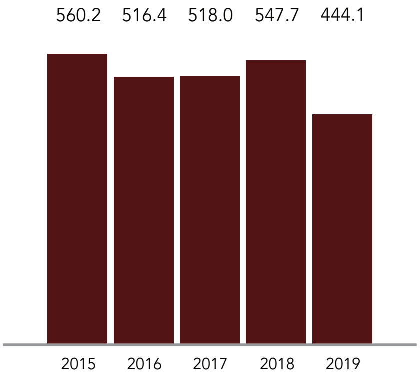
CUSTOMER-FIRST INNOVATION REAL-WORLD SOLUTIONS

LINDSAY™

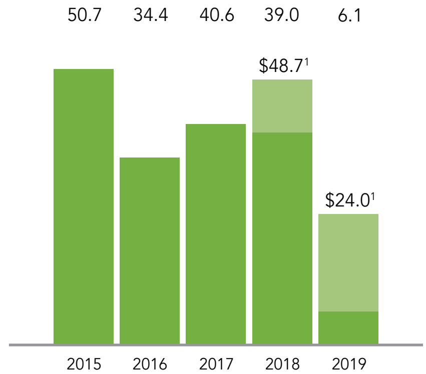
2019 ANNUAL REPORT

FINANCIAL AND OPERATING HIGHLIGHTS

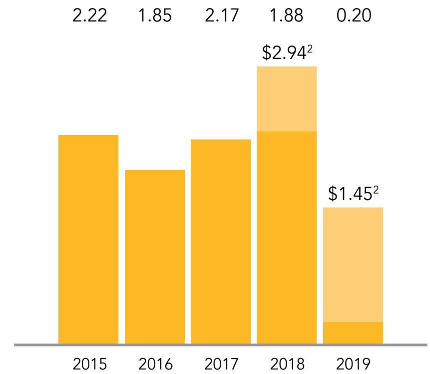
REVENUE



OPERATING INCOME



DILUTED EARNINGS PER SHARE



(Dollars in millions, except per share amounts)	**2019**	**2018**	**2017**
OPERATING RESULTS			
Operating revenues	444.1	547.7	518.0
Operating income [1]	6.1	39.0	40.6
Net earnings [2]	2.2	20.3	23.2
Effective tax rate [3]	-3.1%	40.1%	35.1%
Diluted earnings per share [2]	0.20	1.88	2.17
Cash dividends per share	1.24	1.21	1.17
FINANCIAL POSITION			
Working capital	231.4	251.0	200.9
Total assets	500.3	499.8	506.0
Long-term debt, including current installments	116.1	116.3	117.0
Total shareholders' equity	268.2	276.9	270.1
Invested capital [4]	384.3	393.2	387.1
FINANCIAL MEASURES			
Gross margin	25.8%	27.7%	28.0%
Operating margin	1.4%	7.1%	7.8%
Return on invested capital [5]	1.6%	6.0%	6.9%
Return on beginning shareholders' equity [6]	0.8%	7.5%	9.2%
OTHER DATA			
Diluted weighted average shares	10,810	10,772	10,694
Number of employees	1,069	1,412	1,410

1. Fiscal 2019 operating income includes costs of $15.1 million associated with the Foundation for Growth initiative ("FFG costs"), and a $2.8 million valuation adjustment for indirect tax credits in a foreign jurisdiction. On an adjusted basis, operating income was $24.0 million and operating margin was 5.4%. Fiscal 2018 operating income includes FFG costs of $9.7 million. On an adjusted basis, operating income was $48.7 million and operating margin was 8.9%.
2. Fiscal 2019 net earnings and diluted earnings per share include the after-tax impact of FFG costs and valuation adjustment of $13.5 million, or $1.25 per diluted share. On an adjusted basis, net earnings were $15.6 million, or $1.45 per diluted share. Fiscal 2018 net earnings and diluted earnings per share include the after-tax impact of FFG costs of $8.8 million, or $0.82 per diluted share, and income tax expense attributed to the enactment of the U.S. Tax Cuts and Jobs Act "U.S. Tax Reform" of $2.5 million, or $0.23 per diluted share. On an adjusted basis, net earnings were $31.6 million, or $2.94 per diluted share.
3. On an adjusted basis, the effective tax rate for fiscal 2019 and 2018 was 21.9% and 27.4%, respectively.
4. Defined as current and long-term debt plus shareholders' equity.
5. Defined as operating income after-tax (using effective tax rate) divided by the average of beginning and ending invested capital. On an adjusted basis, return on invested capital for fiscal 2019 and 2018 was 4.8% and 9.1%, respectively.
6. Defined as net earnings divided by beginning of period shareholders' equity. On an adjusted basis, return on beginning shareholders' equity for fiscal 2019 and 2018 was 5.8% and 11.4%, respectively.

TO OUR SHAREHOLDERS

Fiscal 2019 was a year of transition and innovation for Lindsay Corporation as it experienced a sixth consecutive year of difficult market conditions in the agriculture industry. At the same time, we continued to make progress on our Foundation for Growth initiative, the Company's defined performance improvement plan introduced in fiscal 2018. We also had success in driving increased innovation across the Company.

DRIVING FOUNDATIONAL IMPROVEMENTS AMIDST MARKET CHALLENGES

While low farmer sentiment defined the irrigation market in fiscal 2019, we made progress to drive foundational improvements for future growth. Our announced objectives of the Foundation for Growth initiative were to simplify the business and achieve improved operating margin performance in trough cycles and bolster performance and growth in peak cycles.

In fiscal 2019, intensive strategic focus on the performance improvement plan advanced all initiatives beyond the planning stages into the implementation stage. We completed our final "best owner" portfolio assessment by divesting our company-owned irrigation dealership, allowing Lindsay to concentrate on our core businesses that yield greater contribution to improved operating margins. **Our goal is to have the desired structural, operational and procedural initiatives implemented as we pursue sustained growth.**

MARKET UNCERTAINTIES CLOUD IRRIGATION PICTURE

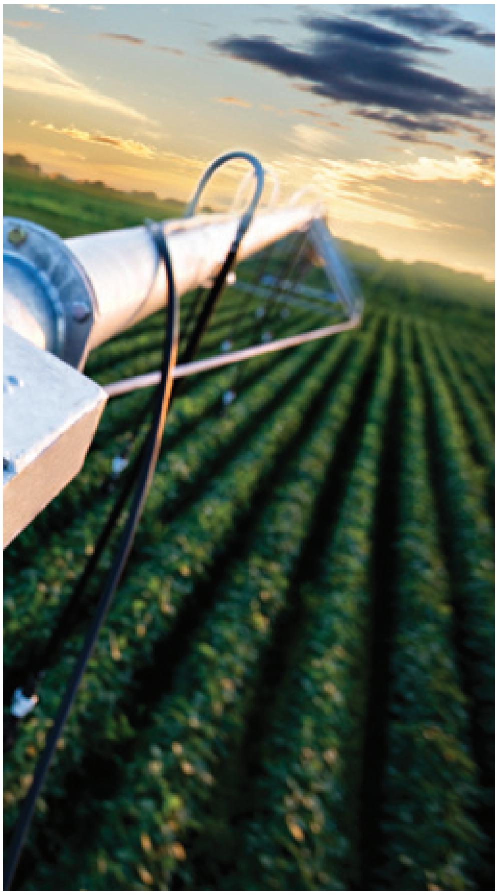
In the irrigation segment, our end markets were constrained by low farmer sentiment, which was exacerbated by the prolonged trade dispute between the U.S. and China, especially Chinese tariffs that resulted in a significant reduction in U.S. soybean exports and lower commodity prices.

International project markets remain active as new agricultural development activity is expected to continue.

In the U.S., historic rains and flooding across the Midwest produced an unusually wet spring that took a heavy toll on crops and delayed or even prevented planting in some areas. In response to these conditions, corn prices reached a temporary peak in May 2019 but receded as yield expectations improved. Commodity prices have remained compressed as the full impacts of the flooding remain unclear.

In the current environment, U.S. farmers continue to take a "wait and see" approach toward capital investment. We don't expect to see meaningful improvement in farmer sentiment while the trade uncertainty persists.

Internationally, market conditions in Brazil continue to improve as farmers there have benefited from the U.S./China trade dispute and the Brazilian government continues to support investment in agriculture. International project markets remain active as new agricultural development activity is expected to continue.



SERVING ON THE USDA AGRICULTURE POLICY ADVISORY COMMITTEE

During the year, I was pleased and honored to be asked to serve on the Agricultural Policy Advisory Committee for Trade to advise, consult with and make recommendations to Agriculture Secretary Sonny Perdue and U.S. Trade Representative Robert Lighthizer. Serving in this capacity is a tremendous opportunity to provide counsel on the advancement and future of U.S. agriculture and trade policy. I look forward to the committee's collaboration and important dialogue that will positively impact U.S. trade policies.

INFRASTRUCTURE GROWTH

Our Road Zipper System® is recognized as one of the most effective methods to mitigate traffic congestion and provide increased safety in construction work zones, and to grow this business we have increased our focus and investment in this area. **We are pursuing an innovative strategy that we call "shift left" to generate a more consistent revenue stream and increase the amount of revenue coming from leasing.** This approach focuses on working with customers early in the planning and design process of large construction programs to position Road Zipper® as an effective solution for various aspects of the program.

An early success of the shift-left strategy came from working with State Departments of Transportation. During the planning and design stages of their planned construction programs, we were able to identify the areas that would cause the most concern, and we delivered a solution that enables the customer to mitigate congestion and keep workers and motorists safely separated. Another early indication of success under this strategy is that Lindsay now has more Road Zipper systems under lease than ever before.

Internationally, we see strong growth opportunities for Road Zipper and we are expanding our geographic footprint. We continue to have success in Japan and are starting to see growth in Europe as well.

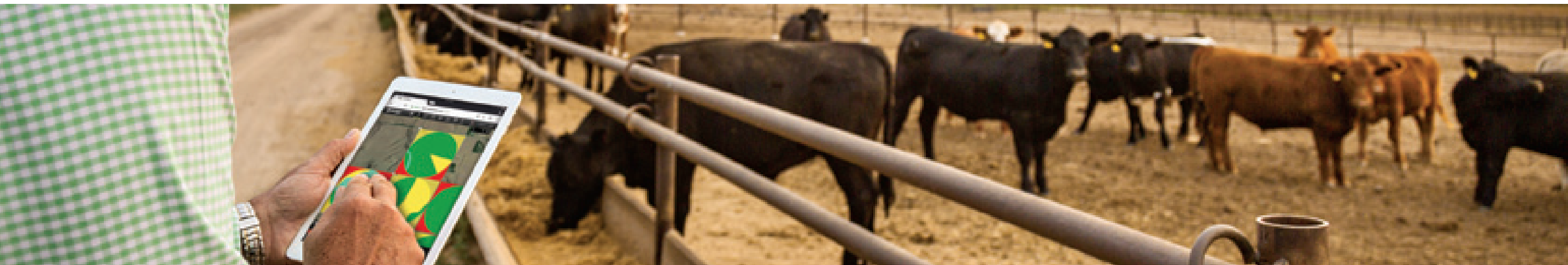
INNOVATION, DIFFERENTIATION

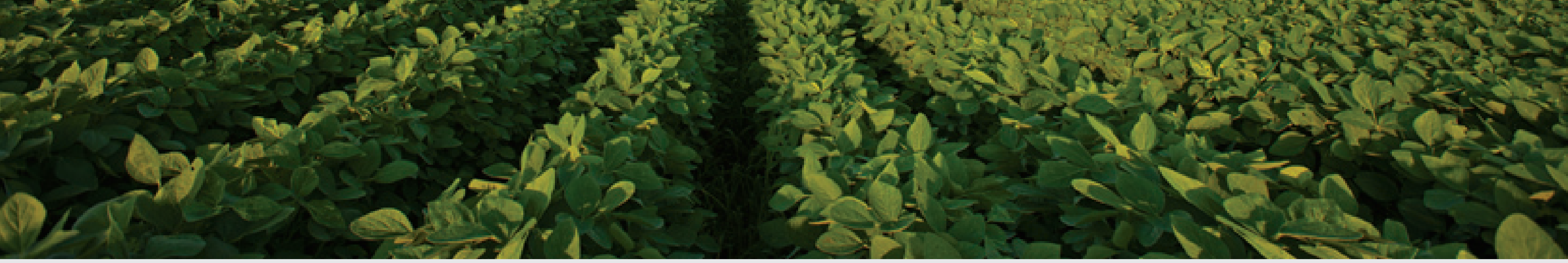
Innovative technology has been a hallmark of Lindsay Corporation, creating a competitive advantage by providing distinctive, powerful tools that help our customers achieve greater performance. **In fiscal 2019, our focus on innovation was evidenced by several new product launches.**

FieldNET® Pivot Watch™ is designed to open an untapped market and increase adoption of Lindsay's FieldNET technology. Currently, 70 percent of North American pivots are operating without remote monitoring capability. **Pivot Watch is designed to appeal to those farmers who have not made the transition to irrigation technology due to cost, complexity or skepticism.** With an ultra-low price point, this breakthrough, patent-pending innovation is a simple way for a grower to experience the benefits of FieldNET technology.

Lindsay is one of the few companies that can provide a full portfolio of road safety products that meet the new federal Manual for Assessing Safety Hardware (MASH) standards. While designing innovative **MASH-compliant road safety products** to meet the stricter standards, Lindsay also incorporated customer benefits including easier, faster installation.

Watchdog Tracker CR is the only system that can provide corrosion detection to assure the structural integrity of irrigation systems. Originally developed by the Lindsay subsidiary Elecsys for oil and gas pipelines, Tracker CR technology is yet another innovative solution leveraging the technology expertise of Elecsys to provide unmatched, innovative capability in the irrigation segment.





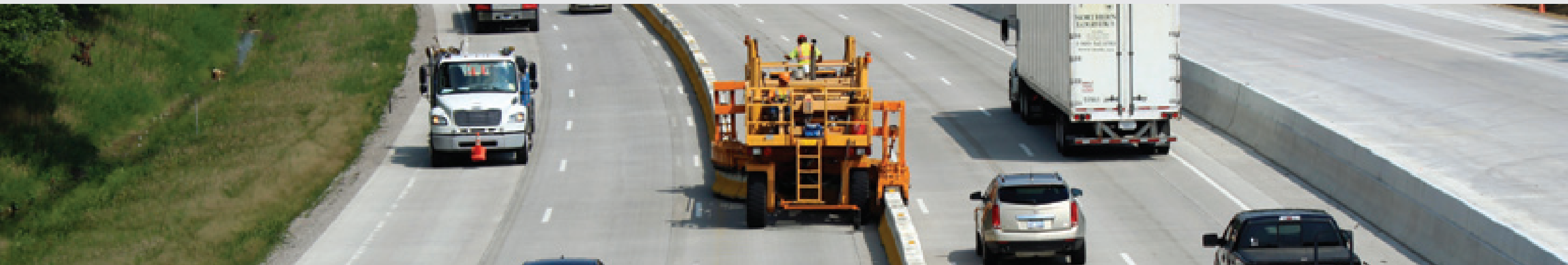
STRATEGIC PARTNERSHIPS

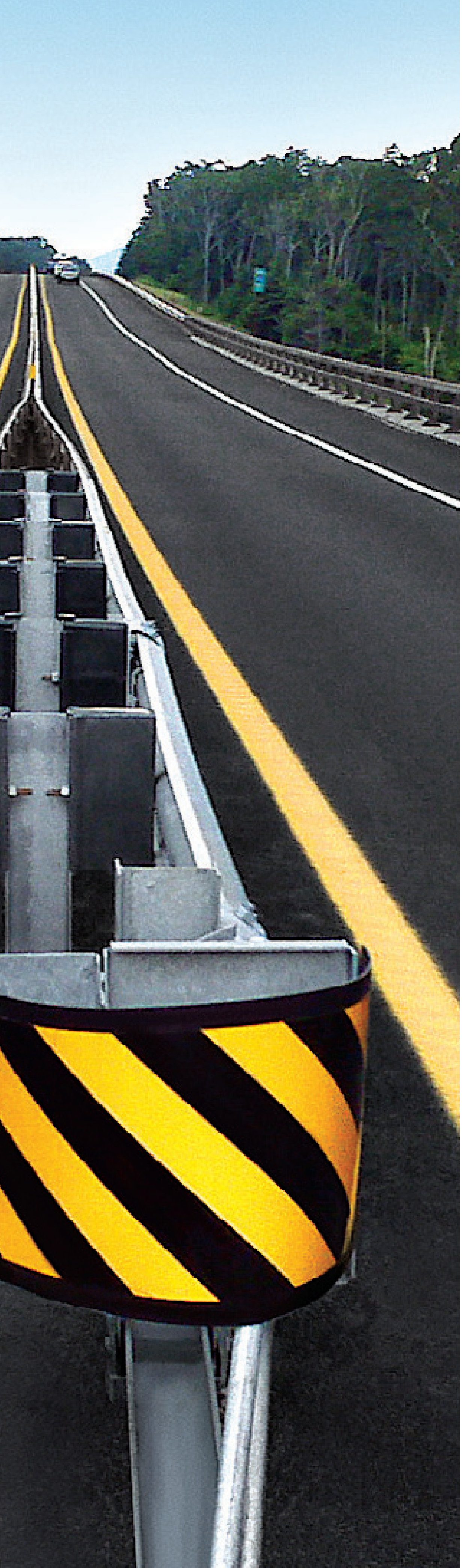
In fiscal 2019, Lindsay continued to enter into strategic agreements with third parties to deliver enhanced, value-added user experiences to our customers. We first entered such arrangements in fiscal 2018 as we aligned with the **John Deere Operations Center** and with **Farmers Edge** to provide our FieldNET customers with expanded resources while also exposing our products and services to new markets of potential customers.

In fiscal 2019, Lindsay partnered with **Nutrien Ag Solutions** to automate the transfer of data from Lindsay's FieldNET Advisor® to Nutrien's digital platform to optimize water application and timing at every point throughout the field. In addition, Lindsay and **The Climate Corporation**, a subsidiary of Bayer, established a platform agreement that creates two-way data connectivity between The Climate Corporation's Climate FieldView™ digital agriculture platform and Lindsay's FieldNET platform. Through the collaboration, mutual shared farmer customers will see additional value through streamlined data transfer, more precise irrigation monitoring and the ability to visualize and analyze irrigation data.

In infrastructure, Lindsay entered into a partnership with **Iteris, Inc.**, the global leader in applied informatics for transportation, that supports the Federal Highway Administration's (FHWA) Smarter Work Zone campaign to reduce traffic congestion and improve safety in work zones. Iteris' ClearGuide™ analytics and visualization platform identifies areas prone to recurring congestion and potential work zone safety risks. Lindsay's Road Zipper System can then be deployed in these problem areas to accelerate construction projects, improve traffic flow and help safeguard work crews.

Through the collaboration, mutual farmer customers will see additional value through streamlined data transfer, more precise irrigation monitoring and the ability to visualize and analyze irrigation data.





A VISION FOR CULTURE TRANSFORMATION AND SUSTAINABILITY

Lindsay's company culture is too valuable to be left to chance. The Foundation for Growth initiative includes measures to create and sustain a culture that drives the Company through employee empowerment, team collaboration and support and service to the greater community. These are expressed in our new vision, values and behaviors that have been developed and embraced by our employees. Additionally, our focus on environmental, social and governance initiatives was recently formalized in our inaugural Corporate Social Responsibility and Sustainability Highlights report, released in July.

FOUNDATION FOR GROWTH INITIATIVE—FY2020 OBJECTIVES

As we look back at the year of transition for Lindsay in fiscal 2019, we also look ahead with our objectives for fiscal 2020.

We remain committed to our objective of achieving 11% to 12% operating income in the trough of the market. At the time we announced it, this target was based on our view that fiscal year 2017 represented the trough of the market. While we recognize that current market conditions will have an impact on our ability to achieve this goal in fiscal 2020, it is clear that the Foundation for Growth initiatives implemented in fiscal 2019 have positioned us well for profitable growth in fiscal 2020 and beyond.

Foundation for Growth includes measures to create and sustain a culture that drives the Company through employee empowerment, team collaboration and support and service to the greater community.

A SNAPSHOT OF OUR KEY OBJECTIVES FOR FISCAL 2020:

FINANCIAL PERFORMANCE:

11% to **12%**
operating margin

Shareholder value creation

EXTERNAL PERCEPTION:

Fully leverage the global organization

Viewed by customers as the innovation leader in core markets

CULTURE AND HEALTH:

Highly engaged employees

One common culture and identity

In fiscal 2019, I saw the people of Lindsay Corporation bring about a challenging and impressive transition through teamwork, creativity, vision, insight and dedication. Together, we continue shaping Lindsay into an efficient, effective and innovative Company. Our customers and shareholders have continued to play their vital roles.

I have every confidence that we are ready to face the future together.

Sincerely,

Tim Hassinger

Timothy Hassinger

President & Chief Executive Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(MARK ONE)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended August 31, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-13419

Lindsay Corporation
(Exact name of registrant as specified in its charter)

Delaware	**47-0554096**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
18135 Burke Street, Suite 100, Omaha, Nebraska	**68022**
(Address of principal executive offices)	**(Zip Code)**

402-829-6800
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 on which registered
Common Stock, $1.00 par value	New York Stock Exchange, Inc. (Symbol LNN)

Indicate by check mark if the registrant is a well-known seasoned issuer, (as defined in Rule 405 of the Securities Act). Yes ☒ No ☐

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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. ☐

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

The aggregate market value of Common Stock of the registrant, all of which is voting, held by non-affiliates based on the closing sales price on the New York Stock Exchange, Inc. on February 28, 2019 was $936,720,708.

As of October 24, 2019, 10,786,339 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement pertaining to the Registrant's 2019 annual stockholders' meeting to be filed hereafter are incorporated by reference into Part III of this Annual Report on Form 10-K.

TABLE OF CONTENTS

PART I

ITEM 1 — *Business*

INTRODUCTION

Lindsay Corporation, along with its subsidiaries (collectively called "Lindsay" or the "Company"), is a global leader in providing a variety of proprietary water management and road infrastructure products and services. The Company has been involved in the manufacture and distribution of agricultural irrigation equipment since 1955 and has grown from a regional company to an international water efficiency solutions and highway infrastructure firm with worldwide sales and distribution. Lindsay, a Delaware corporation, maintains its corporate offices in Omaha, Nebraska. The Company has operations which are categorized into two major reporting segments, Irrigation and Infrastructure.

***Irrigation Segment* –** The Company's irrigation segment includes the manufacture and marketing of center pivot, lateral move, and hose reel irrigation systems which are used principally in the agricultural industry to increase or stabilize crop production while conserving water, energy and labor. The irrigation segment also manufactures and markets repair and replacement parts for its irrigation systems and controls. The Company continues to strengthen irrigation product offerings through innovative technology such as Global Positioning System ("GPS") positioning and guidance, variable rate irrigation, wireless irrigation management, irrigation scheduling, machine-to-machine ("M2M") communication technology solutions and smartphone applications. The Company's primary domestic irrigation manufacturing facilities are located in Lindsay, Nebraska and Olathe, Kansas. Internationally, the Company has production operations in Brazil, France, China, Turkey, and South Africa, as well as distribution and sales operations in the Netherlands, Australia, and New Zealand. The Company also exports equipment from the U.S. to other international markets.

***Infrastructure Segment* –** The Company's infrastructure segment includes the manufacture and marketing of moveable barriers, specialty barriers, crash cushions and end terminals, road marking and road safety equipment, large diameter steel tubing, and railroad signals and structures. The infrastructure segment also provides outsourced manufacturing and production services. The principal infrastructure manufacturing facilities are located in Rio Vista, California; Milan, Italy; and Lindsay, Nebraska.

PRODUCTS BY SEGMENT

IRRIGATION SEGMENT

Products - The Company manufactures and markets its center pivot, lateral move irrigation systems, and irrigation controls in the U.S. and internationally under its *Zimmatic*® brand. The Company also manufactures and markets hose reel travelers under the *Perrot*™ and *Greenfield*® brands. The Company also produces or markets chemical injection systems, variable rate irrigation systems, flow meters, weather stations, soil moisture sensors, and remote monitoring and control systems which it sells under its *GrowSmart*® brand. In addition to whole systems, the Company manufactures and markets repair and replacement parts for its irrigation systems and controls. Furthermore, the Company designs and manufactures innovative M2M communication technology solutions, data acquisition and management systems, and custom electronic equipment for critical applications under its *Elecsys*™ brand.

The Company's irrigation systems are primarily of the standard center pivot type, with a small portion of its products consisting of the lateral move type. Both are automatic move systems consisting of sprinklers mounted on a water carrying pipeline which is supported approximately 11 feet off the ground by a truss system suspended between moving towers.

A standard center pivot in the U.S. is typically seven spans and approximately 1,300 feet long and is designed to circle within a quarter-section of land, which comprises 160 acres, wherein it irrigates approximately 125 to 130 acres. A center pivot or lateral move system can also be custom designed and can irrigate from 25 to 600+ acres.

A center pivot system represents a significant investment to a farmer. In a dry land conversion to center pivot irrigation, approximately one-half of the investment is for the pivot itself, and the remainder is attributable to installation of additional equipment such as wells, pumps, underground water pipes, electrical supply, and a concrete pad upon which the pivot is anchored. The Company's center pivot and lateral move irrigation systems can be enhanced with a family of integrated proprietary products such as GPS monitoring and other automated controls.

The Company also manufactures and distributes hose reel travelers. Hose reel travelers are typically deployed in smaller or irregular fields and usually are easy to operate, easy to move from field to field, and a smaller investment than a typical standard center pivot.

The Company also markets proprietary remote monitoring and automation technology that works on any brand of electronic pivot and drip irrigation systems and is sold on a subscription basis under the *FieldNET®* product name. *FieldNET®* technology enables growers to remotely monitor and operate irrigation equipment, saving time, and reducing water and energy consumption. The technology uses cellular or radio frequency communication systems to remotely acquire data relating to various conditions in an irrigated field, including operational status of the irrigation system, position of the irrigation system, water usage, weather and soil conditions, and similar data. The system can remotely control the irrigation system, altering the speed to vary water application amounts, and controlling pump station and diesel generator operation. Data management and control is achieved using applications running on various personal computer or mobile devices connected to the internet.

The Company also markets patented technology under the *FieldNET Advisor™* product name which delivers information that helps farmers decide precisely when, where and how much to irrigate. This technology combines more than 40 years of crop and irrigation science with *FieldNET's* cloud computing capabilities, remote sensing functionality and machine learning to provide farmers with field-specific and crop-specific irrigation recommendations.

Other Types of Irrigation – Center pivot and lateral move irrigation systems compete with three other types of irrigation: flood, drip, and other mechanical devices such as hose reel travelers and solid set sprinklers. The bulk of worldwide irrigation is accomplished by traditional flood irrigation. Flood irrigation is accomplished by either flooding an entire field, or by providing a water source (ditches or a pipe) along the side of a field, which is planed and slopes slightly away from the water source. The water is released to the crop rows through gates in the ditch or pipe, or through siphon tubes arching over the ditch wall into some of the crop rows. It runs down through the crop row until it reaches the far end of the row, at which time the water source is moved and another set of rows are flooded. Disadvantages or limitations of flood irrigation include that it cannot be used to irrigate uneven, hilly, or rolling terrain, it can be wasteful or inefficient and coverage can become inconsistently applied. In "drip" or "low flow" irrigation, perforated plastic pipe or tape is installed on the ground or buried underground at the root level. Several other types of mechanical devices, such as hose reel travelers, irrigate the remaining irrigated acres.

Center pivot, lateral move, and hose reel traveler irrigation offer significant advantages when compared with other types of irrigation. It requires less labor and monitoring; can be used on sandy ground, which, due to poor water retention ability, must have water applied frequently; can be used on uneven ground, thereby allowing previously unsuitable land to be brought into production; can be used for the application of fertilizers, insecticides, herbicides, or other chemicals (termed "fertigation" or "chemigation"); and conserves water and chemicals through precise control of the amount and timing of the application.

Markets - Water is an essential and critical requirement for crop production, and the extent, regularity, and frequency of water application can be a critical factor in crop quality and yield. The fundamental factors which govern the demand for center pivot and lateral move systems are essentially the same in both the U.S. and international markets. Demand for center pivot and lateral move systems is determined by whether the value of the increased crop production and cost savings attributable to center pivot or lateral move irrigation exceeds any increased costs associated with purchasing, installing, and operating the equipment. Thus, the decision to purchase a center pivot or lateral move system, in part, reflects the profitability of agricultural production, which is determined primarily by the prices of agricultural commodities and the costs of other farming inputs.

The current demand for center pivot systems has three sources: conversion to center pivot systems from less water-efficient, more labor-intensive types of irrigation; replacement of older center pivot systems, which are beyond their useful lives or are technologically obsolete; and conversion of dry land farming to irrigated farming. Demand for center pivots and lateral move irrigation equipment also depends upon the need for the particular operational characteristics and advantages of such systems in relation to alternative types of irrigation, primarily flood. More efficient use of the basic natural resources of land, water, and energy helps drive demand for center pivot and lateral move irrigation equipment. An increasing global population not only increases demand for agricultural output, but also places additional and competing demands on land, water, and energy. The Company expects demand for center pivots and lateral move systems to continue to increase relative to other irrigation methods because center pivot and lateral move systems are preferred where the soil is sandy; the terrain is not flat; the land area to be irrigated is sizeable; there is a shortage of reliable labor; water supply is restricted and conservation is preferred or critical; and/or fertigation or chemigation will be utilized.

United States Market – In the United States, the Company sells its branded irrigation systems, including *Zimmatic*®, to over 200 independent dealers, who resell to their customer, the farmer. Dealers assess their customers' requirements, design the most efficient solution, assemble and erect the system in the field, and provide additional system components, primarily relating to water supply (wells, pumps, pipes) and electrical supply (on-site generation or hook-up to power lines). Lindsay dealers generally are established local agribusinesses, many of which also deal in related products, such as well drilling and water pump equipment, farm implements, grain handling and storage systems, and farm structures.

International Market – The Company sells center pivot and lateral move irrigation systems throughout the world. International sales accounted for approximately 38 percent and 33 percent of the Company's total irrigation segment revenues in fiscal 2019 and 2018, respectively. The Company sells direct to consumers, as well as through an international dealer network, and has production and sales operations in Brazil, France, China, Turkey, and South Africa, as well as distribution and sales operations in the Netherlands, Australia, and New Zealand serving the key South American, European, Chinese, African, Russian, Ukrainian, Middle East, Australian, and New Zealand markets. The Company also exports irrigation equipment from the U.S. to international markets.

The Company's international markets differ with respect to the need for irrigation, the ability to pay, demand, customer type, government support of agriculture, marketing and sales methods, equipment requirements, and the difficulty of on-site erection. The Company's industry position is such that it believes that it will likely be considered as a potential supplier for most major international agricultural development projects utilizing center pivot or lateral move irrigation systems.

Competition – Four manufacturers control a substantial majority of the U.S. center pivot irrigation system industry. The international irrigation market includes participation and competition by the leading U.S. manufacturers, as well as various regional manufacturers. The Company competes in certain product lines with several manufacturers, some of whom may have greater financial resources than the Company. The Company competes by continuously improving its products through ongoing research and development activities. The Company continues to strengthen irrigation product offerings through innovative technology such as GPS positioning and guidance, variable rate irrigation, wireless irrigation management, and smartphone applications, as well as through the acquisition of products and services that allow the Company to provide a more comprehensive solution to growers' needs. Competition also occurs in areas of price and seasonal programs, product quality, durability, controls, product characteristics, retention and reputation of local dealers, customer service, and, at certain times of the year, the availability of systems and their delivery time. On balance, the Company believes it competes favorably with respect to these factors.

INFRASTRUCTURE SEGMENT

Products – The Company's *Quickchange*® *Moveable Barrier*™ system, commonly known as the *Road Zipper System*®, is composed of three parts: 1) T-shaped concrete and steel barriers that are connected to form a continuous wall; 2) a *Barrier Transfer Machine*™ ("*BTM*™") capable of moving the barrier laterally across the pavement; and 3) the variable length barriers necessary for accommodating curves. A barrier element is approximately 32 inches high, 12-24 inches wide, 3 feet long, and weighs 1,500 pounds. The barrier elements are interconnected by heavy duty steel hinges to form a continuous barrier. The *BTM*™ employs an inverted S-shaped conveyor mechanism that lifts the barrier, moving it laterally before setting it back on the roadway surface.

In permanent applications, the *Road Zipper System*® increases capacity and reduces congestion by varying the number of directional traffic lanes to match the traffic demand and promotes safety by maintaining the physical separation of opposing lanes of traffic. Roadways with fixed medians have a set number of lanes in each direction and cannot be adjusted to traffic demands that may change over the course of a day, or to capacity reductions caused by traffic incidents or road repair and maintenance. Applications include high-volume highways where expansion may not be feasible due to lack of additional right-of-way, environmental concerns, or insufficient funding. The *Road Zipper System*® is particularly useful in busy commuter corridors and at choke points such as bridges and tunnels. *Road Zipper Systems*® can also be deployed at roadway or roadside construction sites to accelerate construction, improve traffic flow, and safeguard work crews and motorists by positively separating the work area and traffic. Examples of types of work completed with the help of a *Road Zipper System*® include highway reconstruction, paving and resurfacing, road widening, median and shoulder construction, and repairs to tunnels and bridges.

The Company offers a variety of equipment lease options for *Road Zipper Systems*® and *BTM*™ equipment used in construction applications. The leases extend for periods of one month or more for equipment already existing in the Company's lease fleet. Longer lease periods may be required for specialty equipment that must be built for specific projects. Sales for a highway safety or road improvement project range from $2.0 to $20.0 million, making them significant capital investments.

Crash Cushions and End Terminals – The Company offers a complete line of redirective and non-redirective crash cushions which are used to enhance highway safety at locations such as toll booths, freeway off-ramps, medians and roadside barrier ends, bridge supports, utility poles, and other fixed roadway hazards. The Company's primary crash cushion products cover a full range of lengths, widths, speed capacities, and application accessories and include the following brand names: *TAU®; Universal TAU-II®; TAU-II-R™; TAU-B_NR™; ABSORB 350®; Walt™; TAU-M™; ABSORB-M™ and TAU-TUBE™*. In addition to these products the Company also offers guardrail end terminal products such as the *X-Tension®; X-Lite®; MAX-Tension® and ATT Terminal™ sys*tems. The crash cushions and end terminal products compete with other vendors in the world market. These systems are generally sold through a distribution channel that is domiciled in particular geographic areas.

Specialty Barriers – The Company also offers specialty barrier products such as the *SAB™*, *ArmorGuard™*, P*aveGuard™*, and D*R46™* portable barrier and/or barrier gate systems. These products offer portability and flexibility in setting up and modifying barriers in work areas and provide quick-opening, high-containment gates for use in median or roadside barriers. The gates are generally used to create openings in barrier walls of various types for both construction and incident management purposes. The *DR46™* is an energy-absorbing barrier that can help protect motorcyclists from impacting guardrail posts which is an area of focus by departments of transportation and government regulators for reducing the amount and severity of injuries.

Road Marking and Road Safety Equipment – The Company also offers preformed tape and a line of road safety accessory products. The preformed tape is used primarily in temporary applications such as markings for work zones, street crossings, and road center lines or boundaries. The road safety equipment consists of mostly plastic and rubber products used for delineation, slowing traffic, and signaling. The Company also manages an ISO 17025 certified testing laboratory that performs full-scale impact testing of highway safety products in accordance with the National Cooperative Highway Research Program ("NCHRP") Report 350, the Manual for Assessing Safety Hardware ("MASH"), and the European Norms ("EN1317 Norms") for these types of products. The NCHRP Report 350 and MASH guidelines are procedures required by the U.S. Department of Transportation Federal Highway Administration ("FHWA") for the safety performance evaluation of highway features. The EN1317 Norms are being used to qualify roadway safety products for the European markets.

Other Products – The Company's Diversified Manufacturing, Rail and Tubing business manufactures and markets railroad signals and structures, and large diameter steel tubing, and provides outsourced manufacturing and production services for other companies. The Company's customer base includes large industrial companies and railroads. Customers benefit from the Company's design and engineering capabilities as well as the Company's ability to provide a wide spectrum of manufacturing services, including welding, machining, painting, forming, galvanizing, and assembling hydraulic, electrical, and mechanical components.

Markets – The Company's primary infrastructure market includes moveable concrete barriers, delineation systems, crash cushions, and similar protective equipment. The U.S. roadway infrastructure market includes projects such as new roadway construction, bridges, tunnels, maintenance and resurfacing, and development of technologies for relief of roadway congestion. Much of the U.S. highway infrastructure market is driven by government (federal and state) spending programs. For example, the U.S. government funds highway and road improvements through the Federal Highway Trust Fund Program. This program provides funding to improve the nation's roadway system. Matching funding from the various states may be required as a condition of federal funding. In the long term, the Company believes that the federal program provides a solid platform for growth in the U.S. market, as it is generally acknowledged that additional funding will be required for infrastructure development and maintenance in the future.

The global market for the Company's infrastructure products continues to be driven by population growth and the need for improved road safety. The international market is very different from country to country. The standardization in performance requirements and acceptance criteria for highway safety devices adopted by the European Committee for Standardization is expected to lead to greater uniformity and a larger installation program. Prevention programs put in place in various countries to lower highway traffic fatalities may also lead to greater demand. The Company distributes infrastructure products in Europe, South America, the Middle East, Australia and Asia. The Company expects to continue expanding in international markets as populations grow and markets become more established.

Competition – The Company competes in certain product lines with several manufacturers, some of whom may have greater financial resources than the Company. The Company competes by continuously improving its products through ongoing research and development activities. The Company competes with certain products and companies in its crash cushion business, but has limited competition in its moveable barrier line, as there is not another moveable barrier product today comparable to the *Road Zipper System®*. However, the Company's barrier product does compete with traditional "safety-shaped" concrete barriers and other safety barriers.

Distribution Methods and Channels – The Company has dedicated production and sales operations in the United States and Italy. Sales efforts consist of both direct sales and sales programs managed by its network of distributors and third-party representatives. The sales teams have responsibility for new business development and assisting distributors and dealers in soliciting large projects and new customers. The distributor and dealer networks have exclusive territories and are responsible for developing sales and providing service, including product maintenance, repair, and installation. The typical dealer sells an array of safety supplies, road signs, crash cushions, delineation equipment, and other highway products. Customers include departments of transportation, municipal transportation road agencies, roadway contractors, subcontractors, distributors, and dealers. Due to the project nature of the roadway construction and congestion management markets, the Company's customer base changes from year to year. Due to the limited life of projects, it is rare that a single customer will account for a significant amount of revenues in consecutive years. The customer base also varies depending on the type of product sold. The Company's moveable barrier products are typically sold to transportation agencies or the contractors or suppliers serving those agencies. In contrast, distributors account for a majority of crash cushion sales since those products have lower price points and tend to have shorter lead times.

GENERAL
Certain information generally applicable to both of the Company's reportable segments is set forth below.

SEASONALITY
Irrigation equipment sales are seasonal by nature. Farmers generally order systems to be delivered and installed before the growing season. Shipments to customers located in Northern Hemisphere countries usually peak during the Company's second and third fiscal quarters for the spring planting period. Sales of infrastructure products are traditionally higher during prime road construction seasons and lower in the winter. The primary construction season for Northern Hemisphere countries generally corresponds with the Company's third and fourth fiscal quarters.

CUSTOMERS
The Company is not dependent upon a single customer or upon a limited number of customers for a material part of either segment's business. The loss of any one customer would not have a material adverse effect on the Company's financial condition, results of operations, or cash flow.

ORDER BACKLOG
As of August 31, 2019, the Company had an order backlog of $55.4 million compared with $53.3 million at August 31, 2018. Included in these backlogs are amounts of $10.0 million and $3.3 million, respectively, that are not expected to be fulfilled within the subsequent fiscal year. The Company's backlog can fluctuate from period to period due to the seasonality, cyclicality, timing, and execution of contracts. Backlog typically represents long-term projects as well as short lead-time orders; therefore, it is generally not a good indication of the revenues to be realized in succeeding quarters.

RAW MATERIALS AND COMPONENTS
Raw materials used by the Company include coil steel, angle steel, plate steel, zinc, tires, gearboxes, concrete, rebar, fasteners, and electrical and hydraulic components (motors, switches, cable, valves, hose, and stators). The Company has, on occasion, faced shortages of certain such materials. The Company believes it currently has ready access from assorted domestic and foreign suppliers to adequate supplies of raw materials and components.

CAPITAL EXPENDITURES
Capital expenditures for fiscal 2019, 2018, and 2017 were $23.2 million, $11.1 million, and $8.9 million, respectively. Higher capital expenditures in fiscal 2019 resulted primarily from the relocation of the corporate headquarters and an increase in the Road Zipper System® lease assets. Capital expenditures for fiscal 2020 are estimated to be approximately $15.0 million to $20.0 million, including equipment replacement, productivity improvements and new product development. The Company's management does maintain flexibility to modify the amount and timing of some of the planned expenditures in response to economic conditions.

PATENTS, TRADEMARKS, AND LICENSES
Lindsay's *Zimmatic®*, *Greenfield®*, *GrowSmart®*, *Perrot™*, *Road Zipper®*, *The Road Zipper System®*, *Quickchange® Moveable Barrier™*, *ABSORB 350®*, *ABSORB-M™*, *FieldNET®*, *FieldNET Advisor®*, *FieldNET Crop Advisor®*, *FieldNET Irrigation Advisor®*, *FieldNET VRI Advisor®*, *FieldNET Weather Advisor®*, *Z-TRAX®*, *TAU®*, *Universal*

TAU-II®, TAU-II-R™, TAU-B_NR™, TAU-M™, TAU-TUBE™ , MAX-Tension®, X-Tension®, X-Lite®, CableGuard™, TESI™, SAB™, ArmorGuard™, PaveGuard™, DR46™, U-MAD™, *Sabertooth®*, and other trademarks are registered or applied for in the major markets in which the Company sells its products. In addition, the Company owns multiple patents dealing with cellular communication techniques, cathodic protection measurement methods, and data compression and transmission. Lindsay follows a policy of applying for patents on all significant patentable inventions in markets deemed appropriate. Although the Company believes it is important to follow a patent protection policy, Lindsay's business is not dependent, to any material extent, on any single patent or group of patents.

EMPLOYEES

The number of persons employed by the Company and its wholly-owned subsidiaries at the fiscal years ended 2019, 2018, and 2017 was 1,069, 1,412, and 1,410, respectively. None of the Company's U.S. employees are represented by a union. Certain of the Company's non-U.S. employees are unionized due to local governmental regulations.

ENVIRONMENTAL AND HEALTH AND SAFETY MATTERS

The Company is subject to numerous laws and regulations that govern environmental and occupational health and safety matters. The Company believes that its operations are substantially in compliance with all such applicable laws and regulations, and that it holds all necessary permits in each jurisdiction in which its facilities are located. Environmental and health and safety regulations are subject to change and interpretation. In some cases, compliance with applicable regulations or standards may require the Company to make additional capital and operational expenditures. The Company, however, is not currently aware of any material expenditures required to comply with such regulations, other than information related to the environmental remediation activities described in Note 15, Commitments and Contingencies, to the Company's consolidated financial statements. The Company accrues for the anticipated cost of investigation and remediation when the obligation is probable and can be reasonably estimated. Any revisions to these estimates could be material to the operating results of any fiscal quarter or fiscal year, however the Company does not expect such additional expenses would have a material adverse effect on its liquidity or financial condition.

FINANCIAL INFORMATION ABOUT FOREIGN AND U.S. OPERATIONS

The Company's primary production facilities are located in the United States. The Company has smaller production and sales operations in Brazil, France, Italy, China, Turkey, and South Africa, as well as distribution and sales operations in the Netherlands, Australia, and New Zealand. Where the Company exports products from the United States to international markets, the Company generally ships against prepayment, an irrevocable letter of credit confirmed by a U.S. bank or another secured means of payment, or with credit insurance from a third party. For sales within both U.S. and foreign jurisdictions, prepayments or other forms of security may be required before credit is granted, however most local sales are made based on payment terms after a full credit review has been performed. Most of the Company's financial transactions are in U.S. dollars, although some export sales and sales from the Company's foreign subsidiaries are conducted in other currencies. Approximately 26 and 23 percent, respectively, of total consolidated Company sales were conducted in currencies other than the U.S. dollar in fiscal 2019 and 2018. To reduce the uncertainty of foreign currency exchange rate movements on these sales and purchase commitments conducted in local currencies, the Company monitors its risk of foreign currency fluctuations and, at times, may enter into forward exchange or option contracts for transactions denominated in a currency other than U.S. dollars.

In addition to the transactional foreign currency exposures mentioned above, the Company also has translation exposure resulting from translating the financial statements of its international subsidiaries into U.S. dollars. In order to reduce this translation exposure, the Company, at times, utilizes foreign currency forward contracts to hedge its net investment exposure in its foreign operations. For information on the Company's foreign currency risks, see Item 7A of Part II of this report.

INFORMATION AVAILABLE ON THE LINDSAY WEBSITE

The Company makes available free of charge on its website homepage, under the tab "Investor Relations – SEC Filings", its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the Securities and Exchange Commission. The Company's internet address is http://www.lindsay.com; however, information posted on its website is not part of this Annual Report on Form 10-K. The following documents are also posted on the Company's website homepage, under the tabs "Investor Relations – Governance – Committees" and "Investor Relations – Governance – Ethics":

Audit Committee Charter
Compensation Committee Charter
Corporate Governance and Nominating Committee Charter
Code of Business Conduct and Ethics
Corporate Governance Principles
Code of Ethical Conduct
Employee Complaint Procedures for Accounting and Auditing Matters
Special Toll-Free Hotline Number and E-mail Address for Making Confidential or Anonymous Complaints

These documents are also available in print to any stockholder upon request, by sending a letter addressed to the Secretary of the Company.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The executive officers and significant employees of the Company, their ages, positions and business experience are set forth below. All executive officers of the Company are appointed by the Board of Directors annually and have employment agreements. There are no family relationships between any director or executive officer. There are no arrangements or understandings between any executive officer and any other person pursuant to which they were selected as an officer.

	Age	Position
Timothy L. Hassinger	57	President and Chief Executive Officer
Eric R. Arneson*	45	Senior Vice President, General Counsel and Secretary
Brian L. Ketcham	58	Senior Vice President and Chief Financial Officer
J. Scott Marion	51	President – Infrastructure
Gustavo E. Oberto*	46	President - Elecsys International, LLC
Kelly M. Staup*	47	Senior Vice President – Human Resources
Eric J. Talmadge*	56	Senior Vice President and Chief Information Officer
Randy A. Wood	47	President – Irrigation
Lori L. Zarkowski*	44	Chief Accounting Officer

* The employee is not an executive officer of the Registrant.

Mr. Timothy L. Hassinger is the President and Chief Executive Officer of the Company, a position he has held since October 2017. Mr. Hassinger has also been a director of the Company since October 2017 and he is the only executive officer of the Company serving on the Board of Directors. Prior to joining the Company, Mr. Hassinger served as President and Chief Executive Officer of Dow AgroSciences, an Indianapolis-based subsidiary of The Dow Chemical Company. During his 33-year career at Dow AgroSciences, Mr. Hassinger held a series of senior leadership positions across a variety of domestic and international business units. Prior to becoming President and Chief Executive Officer of Dow AgroSciences in May 2014, he served as its Global Commercial Leader from February 2013 to April 2014 and as Vice President for its Crop Protection Global Business Unit from August 2009 to April 2014. Previously, he served as Vice President for the Dow AgroSciences business in the Europe, Latin America, and Pacific regions from 2007 to 2009. In 2005, he moved to Shanghai, where he served as Regional Commercial Unit Leader for Greater China. Mr. Hassinger currently serves on the Board of Directors of AGDATA.

Mr. Eric R. Arneson is Senior Vice President, General Counsel and Secretary of the Company and has held such positions since April 2008, when he joined the Company. Prior to that time and since January 1999, Mr. Arneson practiced law with the law firm of Kutak Rock LLP, and was most recently a partner of the firm.

Mr. Brian L. Ketcham is Senior Vice President and Chief Financial Officer of the Company, and has held such positions since April 2016. Prior to joining Lindsay and since 2001, Mr. Ketcham served in various finance roles at Valmont Industries, Inc., most recently as Vice President and Group Controller of the Engineered Support Structures segment. Prior to joining Valmont, Mr. Ketcham held various positions with Consolidated Container Company LLC and KPMG LLP.

Mr. J. Scott Marion is President – Infrastructure Division, a position he has held with the Company since May 2016. Between April 2011 and May 2016, Mr. Marion served as Vice President and General Manager – Americas and APAC (Infrastructure). From January 2005 to April 2011, Mr. Marion served in several management positions at Pentair. Prior to 2005, Mr. Marion spent 14 years with General Electric in a variety of sales and managerial capacities.

Mr. Gustavo E. Oberto is the President of Elecsys International, LLC, a position he has held since September 2019. Prior to joining the Company, Mr. Oberto served as Managing Director of Global Sales & Markets for Conductix-Wampfler Group, a division of Delachaux S.A. During his 20-year career at Conductix-Wampfler, Mr. Oberto held a series of leadership positions in international business development. Prior to joining Conductix-Wampfler, Mr. Oberto worked for Travelex Global Payments and also worked as International Liaison to Fmr. Nebraska Governor Ben Nelson where he advised Midwestern companies on how to penetrate the Latin America agriculture market. Mr. Oberto is currently a member of the U.S. Commercial Service District Export Council.

Ms. Kelly M. Staup is Senior Vice President – Human Resources, a position she has held with the Company since January 2018. From November 2016 to January 2018, Ms. Staup served as Director – Human Resources. From June 2011 to November 2016, Ms. Staup served as Organization Development and Recruiting Manager. Prior to joining Lindsay, Ms. Staup was an Associate Vice President of SkillStorm from August 2008 to June 2011 and previously served in managerial roles at Ajilon and Digital People.

Mr. Eric J. Talmadge is Senior Vice President and Chief Information Officer of the Company and has served as Chief Information Officer since December 2012, when he joined the Company. Prior to joining the Company, Mr. Talmadge served as Chief Information Officer of Crete Carrier Corporation from 2008 to December 2012. Prior to joining Crete Carrier Corporation, Mr. Talmadge served in a variety of information technology roles with SiTEL, Lozier Corporation, the University of Missouri, and the United States Air Force.

Mr. Randy A. Wood is President – Irrigation Division of the Company and has held such position since May 2016. Between October 2013 and May 2016, Mr. Wood served as President – International Irrigation of the Company. Between February 2012 and October 2013, Mr. Wood served as Vice President – Americas / ANZ Sales and Marketing. Previously he was Vice President – North America Irrigation Sales of the Company and held such position from March 2008, when he joined the Company. Prior to March 2008, Mr. Wood spent 11 years with Case Corporation / CNH Global including roles as the Senior Director of Marketing, Case IH Tractors, and Senior Director of Sales and Marketing, Parts and Service.

Ms. Lori L. Zarkowski is Chief Accounting Officer of the Company and has held such position since August 2011. Ms. Zarkowski joined Lindsay in June 2007 as Corporate Reporting Manager and was promoted to Corporate Controller in April 2008. Prior to joining the Company and since 1997, Ms. Zarkowski was most recently an Audit Senior Manager with Deloitte & Touche LLP.

ITEM 1A — *Risk Factors*

The following are certain of the more significant risks that may affect the Company's business, financial condition and results of operations.

The Company's irrigation revenues are highly dependent on the agricultural industry and weather conditions. The Company's irrigation revenues are cyclical and highly dependent upon the need for irrigated agricultural crop production which, in turn, depends upon many factors, including total worldwide crop production, the profitability of agricultural crop production, agricultural commodity prices, net farm income, availability of financing for farmers, governmental policies regarding the agricultural sector, water and energy conservation policies, the regularity of rainfall, and regional climate conditions. As farm income decreases, farmers may postpone capital expenditures or seek less expensive irrigation alternatives.

Weather conditions, particularly leading up to the planting and early growing season, can significantly affect the purchasing decisions of consumers of irrigation equipment. Natural calamities such as regional floods, hurricanes or other storms, and droughts can have significant effects on seasonal irrigation demand. Drought conditions, which generally affect irrigation equipment demand positively over the long term, can adversely affect demand if water sources become unavailable or if governments impose water restriction policies to reduce overall water availability.

Changing worldwide demand for food and different types of biofuel could have an effect on the price of agricultural commodities and consequently the demand for irrigation equipment. Changing worldwide demand for farm outputs to meet the world's growing food and biofuel demands, driven in part by government policies and an expanding global population, are likely to result in fluctuating agricultural commodity prices, which affect demand for irrigation equipment. The primary benefit of many of the Company's irrigation products is to increase grain yields and the resulting revenue for farmers. As grain prices decline, the breakeven point of incremental production is more difficult to achieve, reducing or eliminating the profit and return on investment from the purchase of the Company's products. As a result, changes in grain prices can significantly affect the Company's sales levels.

A decline in oil prices or changes in government policies regarding biofuels could also negatively affect the biofuels market and/or reduce government revenues of oil-producing countries that purchase or subsidize the purchase of irrigation equipment. Biofuels production is a significant source of grain demand in the U.S. and certain international markets. While ethanol production levels are currently mandated within the U.S., potential mandate changes or price declines for ethanol could reduce the demand for grains. In addition, a number of ethanol producers in the U.S. are cooperatives partially owned by farmers. Reduced profit of ethanol production could reduce income for farmers which could, in turn, reduce the demand for irrigation equipment.

The Company's international sales are highly dependent on foreign market conditions and subject the Company to additional risk, restrictions, and compliance obligations. International revenues are primarily generated from Australia, New Zealand, Canada, Europe, Mexico, the Middle East, Africa, China, Russia, Ukraine, and Central and South America. In addition to risks relating to general economic and potential instability in these countries, a number of countries are particularly susceptible to disruption from changing socioeconomic conditions as well as terrorism, sanctions, war and similar incidents. The collectability of receivables can also be difficult to estimate, particularly in areas of political instability or with governments with which the Company has limited experience or where there is a lack of transparency as to the current credit condition.

The Company's international sales efforts and profit margins are affected by international trade barriers, including governmental policies on tariffs, taxes, import or export licensing requirements and trade sanctions. For example, in 2018, the U.S. and China began to impose partial tariffs on each other's products, and the trade tension between the two countries has escalated in 2019. Certain of the components required for the manufacture of the Company's products have been or may be impacted by tariffs. Likewise, other international trade disputes or any possible termination of the North American Free Trade Agreement ("NAFTA") or failure to finalize and implement the United States Mexico-Canada Agreement as the successor to NAFTA, could increase our costs, reduce our competitiveness, and have an adverse effect on the Company's business, financial condition and results of operations.

In addition, the Company's international sales efforts must also comply with anti-corruption laws like the U.S. Foreign Corrupt Practices Act. These anti-corruption laws generally prohibit companies and their intermediaries (including, in the Company's case, dealers and sales representatives) from making improper payments or providing anything of value to improperly influence government officials or certain private individuals for the purpose of obtaining or retaining a business advantage. As part of the Company's irrigation and infrastructure sales efforts, the Company promotes and sells products to governmental entities and state-owned or state-backed business enterprises, the employees and representatives of which may be considered government officials for purposes of the U.S. Foreign Corrupt Practices Act. Further, some of the countries in which the Company does business lack fully developed legal systems and are perceived to have elevated levels of corruption. Although the Company has compliance and training programs in place designed to reduce the likelihood of potential violations of such laws, violations of these laws or other compliance requirements could occur and result in criminal or civil sanctions and have an adverse effect on the Company's reputation, business, financial condition and results of operations.

The Company's international sales and profit margins are subject to currency exchange risk. The Company's international sales involve some level of export from the U.S., either of components or completed products. Policies and geopolitical events affecting exchange rates could adversely affect the international flow of agricultural and other commodities, which can cause a corresponding downturn in the demand for agricultural equipment in many areas of the world. Further, any strengthening of the U.S. dollar or any other currency of a country in which the Company manufactures its products (e.g. the Euro, the Brazilian real, the South African rand, the Turkish lira, and the Chinese renminbi) and/or any weakening of local currencies can increase the cost of the Company's products in its foreign markets. Irrespective of any effect on the overall demand for agricultural equipment, the effect of these changes can make the Company's products less competitive relative to local producing competitors and, in extreme cases, can result in the Company's products not being cost-effective for customers. As a result, the Company's international sales and profit margins could decline.

The Company's profitability may be negatively affected by changes in the availability and price of certain parts, components, and raw materials. The Company requires access to various parts, components, and raw materials at competitive prices in order to manufacture its products. Changes in the availability and price of these parts, components, and raw materials (including steel and zinc), which have changed significantly and rapidly at times and are affected by factors like demand, tariffs, and freight costs, can significantly increase the costs of production. Due to price competition in the market for irrigation equipment and certain infrastructure products, the Company may not be able to recoup increases in these costs through price increases for its products, which would result in reduced profitability. Whether increased operating costs can be passed through to the customer depends on a number of factors, including farm income and the price of competing products. Further, the Company relies on a limited number of suppliers for certain raw materials, parts and components in the manufacturing process. Disruptions or delays in supply or significant price increases from these suppliers could adversely affect the Company's operations and profitability. Such disruptions, terminations or cost increases could result in cost inefficiencies, delayed sales or reduced sales.

The Company's infrastructure revenues are highly dependent on government funding of transportation projects and subject to compliance with government regulations. The demand for the Company's infrastructure products depends to a large degree on the amount of government spending authorized to improve road and highway systems. For example, the U.S. government funds highway and road improvements through the Federal Highway Trust Fund Program and matching funding from states may be required as a condition of federal funding. If highway funding is reduced or delayed, it may reduce demand for the Company's infrastructure products.

In addition, the Company's infrastructure products are required to meet certain standards as outlined by the various governments worldwide. The Federal Highway Administration ("FHWA") and state departments of transportation continue to implement Manual for Assessing Safety Hardware ("MASH") standards which update and supersede National Cooperative Highway Research Program ("NCHRP") Report 350 standards for evaluating new road safety hardware devices. While infrastructure products previously accepted under NCHRP Report 350 criteria are not required to be retested under MASH standards, they generally are no longer eligible for federal reimbursement as the MASH standards have largely been implemented by FHWA and the states. The Company is incurring, and will continue to incur, research and development and testing expense to comply with MASH standards. Any reevaluation of the Company's infrastructure products' compliance with applicable standards, the implementation of new standards, and/or any delay in the Company's development of additional infrastructure products that comply with new standards could have a significant adverse effect on the Company's competitive position and on sales and profitability from its infrastructure product line.

Compliance with applicable environmental and health and safety regulations or standards may require additional capital and operational expenditures. The Company is subject to numerous laws and regulations which govern environmental and occupational health and safety matters. The Company believes that its operations are substantially in compliance with all such applicable laws and regulations and that it holds all necessary permits in each jurisdiction in which its facilities are located. Environmental and health and safety regulations are subject to change and interpretation. Compliance with applicable regulations or standards may require the Company to make additional capital and operational expenditures.

The Company's Lindsay, Nebraska site was added to the list of priority superfund sites of the U.S. Environmental Protection Agency (the "EPA") in 1989. The Company and its environmental consultants have developed a remedial alternative work plan, under which the Company continues to work with the EPA to define and implement steps to better contain and remediate the remaining contamination. Although the Company has accrued reasonably estimable costs associated with remediation of the site, the estimate of costs and their timing could change as a result of a number of factors, including (1) input from the EPA and the Nebraska Department of Environmental Quality on the proposed remediation plan and any changes which they may subsequently require, (2) refinement of cost estimates and length of time required to complete remediation and post-remediation operations and maintenance, (3) effectiveness of the technology chosen in remediation of the site as well as changes in technology that may become available in the future, and (4) unforeseen circumstances existing at the site. As a result of these factors, the actual amount of costs incurred by the Company in connection with the remediation of contamination of its Lindsay, Nebraska site could vary from the amounts accrued for this expense at the end of fiscal 2019. The Company's ongoing remediation activities at its Lindsay, Nebraska facility are described in Note 15, Commitments and Contingencies, to the Company's consolidated financial statements.

The Company is exposed to risks from legal proceedings. From time to time, the Company may be involved in various legal proceedings and other various claims that arise in the ordinary course of its business, which may include commercial, employment, product liability, tort, and other litigation. Current and future litigation, governmental proceedings and investigations, audits, indemnification claims or other claims that the Company faces may result in substantial costs and expenses and significantly divert the attention of its management regardless of the outcome. In addition, these matters could lead to increased costs or interruptions of its normal business operations. Litigation, governmental proceedings and investigations, audits, indemnification claims or other claims involve uncertainties and the eventual outcome of any such matter could adversely affect the Company's business, results of operations or cash flows. For a summary of the Company's infrastructure products litigation, see Note 15, Commitments and Contingencies, to the Company's consolidated financial statements.

The frequency and magnitude of liability claims and the related expenses could lower profitability and increase business risk. The nature of the Company's business subjects the Company to potential liability for claims alleging property damage and personal injury or death arising from the use of or exposure to its products, especially infrastructure products that are installed along roadways. While the Company's liability insurance coverage is consistent with commercial norms in the industries in which the Company operates, an unusually large liability claim or a string of claims could potentially exceed the Company's available insurance coverage. In addition, the availability of, and the Company's ability to collect on, insurance coverage can be subject to factors beyond the Company's control. For example, any accident, incident, or lawsuit involving the Company, its products specifically, or the industries in which the Company operates generally, even if the Company is fully insured, contractually indemnified, or not held to be liable, could significantly affect the cost and availability of insurance to the Company in the future.

If any of the Company's third-party insurers fail, cancel, or refuse coverage, or otherwise are unable to provide the Company with adequate insurance coverage, then the Company's overall risk exposure and operational expenses would increase and the management of the Company's business operations would be disrupted.

Further, as insurance policies expire, increased premiums for renewed or new coverage, if such coverage can be secured, may increase the Company's insurance expense and/or require that the Company increase its self-insured retention or deductibles. The Company maintains primary coverage and excess coverage policies. If the number of claims or the dollar amounts of any such claims rise in any policy year, the Company could suffer additional costs associated with accessing its excess coverage policies. Also, an increase in the loss amounts attributable to such claims could expose the Company to uninsured damages if the Company was unable or elected not to insure against certain claims because of increased premiums or other reasons.

The Company's infrastructure products are installed along roadways in inherently dangerous applications. Accidents involving the Company's infrastructure products could reduce demand for such products and expose the Company to significant damages and reputational harm. The Company is currently defending a number of product liability lawsuits involving the Company's *X-Lite®* end terminal. In June 2019, the Company was informed by letter that the Department of Justice, Civil Division, and U.S. Attorney's Office for the Northern District of New York, with the assistance of the Department of Transportation, Office of Inspector General, are conducting an investigation of the Company relating to the Company's X-Lite end terminal and potential violations of the federal civil False Claims Act. While the Company's infrastructure products are designed to meet all applicable standards in effect in the markets in which such products are offered, the risk of product liability claims, demands for reimbursement or compensatory payments, and associated adverse publicity is inherent in the development, manufacturing, marketing, and sale of such products, including end terminals and crash cushions that are ultimately installed along roadways. In addition to this inherent risk, a sizable False Claims Act judgment against a competitor (which was reversed on appeal) brought significant attention to the infrastructure products industry and may be a factor leading to additional lawsuits, demands, and investigations being pursued against the Company and others in the industry.

An actual or perceived issue with the Company's infrastructure products can lead to a decline in demand for such products, the removal of such products from qualified products lists used by government customers in their purchasing decisions, the removal and replacement of such products from roadways by government customers and demands for reimbursement or compensatory payments for such actions, adverse publicity, claims or litigation, and/or the diversion of management's attention, which could materially and adversely affect the Company's reputation, business, financial condition, and results of operations. While infrastructure product selection, assembly, installation, operation, repair, and maintenance are the responsibilities of dealers, distributors, customers, and/or state departments of transportation, the Company may nevertheless also be subjected to claims, litigation, or demands for reimbursement or compensatory payments in connection with a third party's alleged failure to satisfactorily discharge such responsibilities, including but not limited to claims associated with personal injuries, property damage, and death. Likewise, improper assembly, installation, operation, repair, or maintenance of the Company's infrastructure products may cause such infrastructure products to fail to meet certain performance standards, which could lead to similar consequences as an actual or perceived issue with the infrastructure products themselves.

Although the Company currently maintains insurance against product-related claims or litigation, the Company could be exposed to significant losses arising from claims involving infrastructure products if the Company's insurance does not cover all associated liabilities or if coverage in the future becomes unobtainable on commercially reasonable terms.

The Company may not realize targeted performance improvements from the Foundation for Growth initiative. Foundation for Growth is a focused performance improvement initiative by the Company that includes setting strategic direction, defining priorities, and improving overall operating performance. The Company's future success is partly dependent upon successfully executing, and realizing performance improvements, revenue gains, cost savings and other benefits from, this initiative.

The initiative requires a substantial amount of management and operational resources. Elements of this initiative require the Company to modify the way that it conducts and structures its operations, such as the portfolio review that led to the divestment of the Company's pump and filtration businesses, a Company-owned water resource consulting firm, and a Company-owned irrigation dealership. Management must successfully implement the administrative and operational changes essential to achieve the targeted performance improvements of this initiative and, in limited respects, the Company's tactics to achieve these improvements, revenue gains, and cost savings are subject to change as future circumstances may dictate. These and related demands on the Company's resources could divert the attention of management from other business issues, adversely affect the Company's existing business relationships with suppliers, dealers and distributors, and impact employee morale.

While the Company expects to realize meaningful operating margin improvements from the initiative, headwinds such as challenging agricultural market conditions, low commodity prices, and trade uncertainty are largely outside of the Company's control and have weighed on demand in the eighteen-plus months following the commencement of the Foundation for Growth initiative. As a result, it is possible that the Company may not fully realize the targeted operating margin improvements announced in March 2018.

Any failure to fully implement the Foundation for Growth initiative or to realize the projected benefits of administrative and operational changes and initiative-related divestitures could have an adverse effect on the Company's reputation, business, financial condition and results of operations.

Changes in interest rates could reduce demand for the Company's products. Global interest rates have recently been at or near historic lows. Rising interest rates could have a dampening effect on overall economic activity and/or the financial condition of the Company's customers, either or both of which could negatively affect customer demand for the Company's products and customers' ability to repay obligations to the Company. An increase in interest rates could also make it more difficult for customers to cost-effectively fund the purchase of new equipment, which could adversely affect the Company's sales.

The Company's consolidated financial results are reported in U.S. dollars while certain assets and other reported items are denominated in the currencies of other countries, creating currency translation risk. The reporting currency for the Company's consolidated financial statements is the U.S. dollar. Certain of the Company's assets, liabilities, expenses and revenues are denominated in other countries' currencies. Those assets, liabilities, expenses and revenues are translated into U.S. dollars at the applicable exchange rates to prepare the Company's consolidated financial statements. Therefore, increases or decreases in exchange rates between the U.S. dollar and those other currencies affect the value of those items as reflected in the Company's consolidated financial statements. Substantial fluctuations in the value of the U.S. dollar compared to other currencies could have a significant effect on the Company's results.

Security breaches and other disruptions to the Company's information technology infrastructure could interfere with its operations and could compromise the Company's and its customers' and suppliers' information, exposing the Company to liability that could cause its business and reputation to suffer. In the ordinary course of business, the Company relies upon information technology networks and systems to process, transmit and store electronic information, and to manage or support a variety of business functions, including supply chain, manufacturing, distribution, invoicing and collection of payments. The Company uses information technology systems to record, process and summarize financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. Additionally, the Company collects and stores sensitive data, including intellectual property, proprietary business information and the proprietary business information of customers and suppliers, as well as personally identifiable information of customers and employees, in data centers and on information technology networks. The secure operation of these networks and the processing and maintenance of this information is critical to the Company's business operations and strategy. Despite security measures and business continuity plans, the Company's information technology networks and infrastructure may be vulnerable to damage, disruptions or shutdowns due to, among other reasons, attacks by hackers or breaches due to employee error or malfeasance or other disruptions during the process of upgrading or replacing computer software or hardware, power outages, computer viruses, telecommunication or utility failures or natural disasters or other catastrophic events. The occurrence of any of these events could compromise the Company's 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 or regulatory penalties under laws protecting the privacy of personal information, disrupt operations, and damage the Company's reputation, which could adversely affect the Company's business.

ITEM 1B — *Unresolved Staff Comments*

None.

ITEM 2 — *Properties*

The Company's facilities are well-maintained, in good operating condition, and suitable for present purposes. These facilities, together with both short-term and long-term planned capital expenditures, are expected to meet the Company's manufacturing needs in the foreseeable future. The Company does not anticipate any difficulty in retaining occupancy of any leased facilities, either by renewing leases prior to expiration or by replacing them with equivalent leased facilities. The following are the Company's significant properties.

Segment	Geographic location(s)	Own/ lease	Lease expiration	Square feet	Property description
Corporate	Omaha, Nebraska	Lease	2034	55,000	Corporate headquarters
Irrigation	Lindsay, Nebraska	Own	N/A	300,000	Principal U.S. manufacturing plant consists of eight separate buildings located on 122 acres
Irrigation	Corlu, Turkey	Lease	2025	283,000	Manufacturing plant for irrigation products
Irrigation	Tianjin, China	Lease	2022	163,000	Manufacturing plant for irrigation products
Irrigation	La Chapelle, France	Own	N/A	72,000	Manufacturing plant for irrigation products
Irrigation	Bellville, South Africa	Lease	2024	71,000	Manufacturing plant for irrigation products
Irrigation	Mogi Mirim, Sao Paulo, Brazil	Own	N/A	67,000	Manufacturing plant for irrigation products
Irrigation	Olathe, Kansas	Own	N/A	60,000	Manufacturing plant for machine-to-machine products
Infrastructure	Omaha, Nebraska (1)	Own	N/A	83,000	Manufacturing plant for infrastructure products
Infrastructure	Milan, Italy	Own	N/A	45,000	Manufacturing plant for infrastructure products
Infrastructure	Rio Vista, California	Own	N/A	30,000	Manufacturing plant for infrastructure products

(1) Property is held-for-sale at August 31, 2019.

ITEM 3 — *Legal Proceedings*

In the ordinary course of its business operations, the Company is involved, from time to time, in commercial litigation, product liability litigation, tort litigation, employment disputes, administrative proceedings, business disputes, and other legal proceedings. No such current proceedings, individually or in the aggregate, are expected to have a material effect on the business or financial condition of the Company, other than the specific environmental remediation matters which are disclosed as part of Note 15, Commitments and Contingencies, to the Company's consolidated financial statements. Any revisions to the estimates accrued for environmental remediation could be material to the operating results of any fiscal quarter or fiscal year, however the Company does not expect such additional expenses would have a material adverse effect on its liquidity or financial condition.

For a summary of the Company's infrastructure products litigation, see Note 15, Commitments and Contingencies, to the Company's consolidated financial statements.

ITEM 4 — *Mine Safety Disclosures*

Not applicable.

PART II

ITEM 5 — *Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Holders

Lindsay Common Stock trades on the New York Stock Exchange, Inc. ("NYSE") under the ticker symbol LNN. As of October 25, 2019, there were approximately 165 stockholders of record.

Price Range of Common Stock

The following table sets forth for the periods indicated the range of the high and low stock prices and dividends paid per share:

	Fiscal 2019 Stock Price			Fiscal 2018 Stock Price		
	High	Low	Dividends	High	Low	Dividends
First Quarter	$ 109.50	$ 86.87	$ 0.31	$ 96.22	$ 83.97	$ 0.30
Second Quarter	$ 103.71	$ 84.09	$ 0.31	$ 95.49	$ 85.00	$ 0.30
Third Quarter	$ 99.89	$ 76.35	$ 0.31	$ 103.03	$ 83.57	$ 0.30
Fourth Quarter	$ 94.22	$ 73.00	$ 0.31	$ 102.77	$ 88.22	$ 0.31
Year	$ 109.50	$ 73.00	$ 1.24	$ 103.03	$ 83.57	$ 1.21

Purchases of Equity Securities by the Issuer and Affiliated Purchases

The Company's Board of Directors authorized a share repurchase program of up to $250.0 million of common stock with no expiration date. Under the program, shares may be repurchased in privately negotiated and/or open market transactions as well as under formalized trading plans in accordance with the guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. There were no shares repurchased during the twelve months ended August 31, 2019, 2018, and 2017. The remaining amount available under the repurchase program was $63.7 million as of August 31, 2019.

Dividends

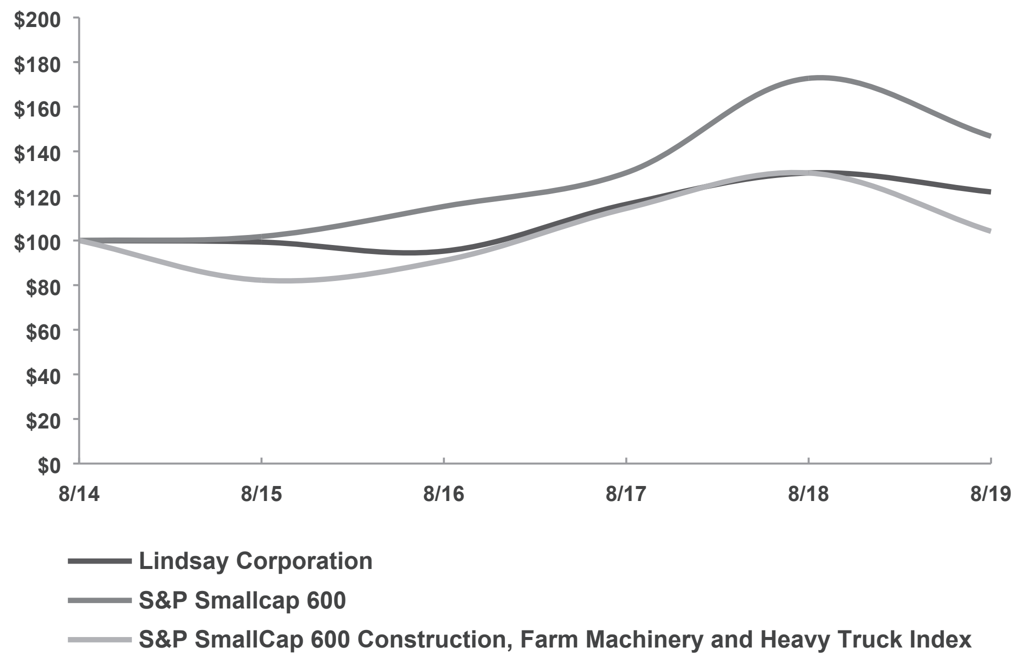
The Company paid a total of $13.4 million and $13.0 million in dividends during fiscal 2019 and 2018, respectively. The Company currently expects that cash dividends comparable to those paid historically will continue to be paid in the future, although there can be no assurance as to the payment of future dividends as such payment depends on results of operations, financial condition, business prospects, capital requirements, contractual restrictions, any potential indebtedness the Company may incur, restrictions imposed by applicable law, tax considerations, and other factors that the Board of Directors deems relevant.

Company Stock Performance

The following graph compares the cumulative five-year total return attained by stockholders on the Company's Common Stock relative to the cumulative total returns of the S&P SmallCap 600 Index and the S&P SmallCap 600 Construction, Farm Machinery and Heavy Truck Index for the five-year period ended August 31, 2019. An investment of $100 (with the reinvestment of all dividends) is assumed to have been made in the Company's Common Stock and in each of the indexes on August 31, 2014 and the graph shows its relative performance through August 31, 2019.

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Lindsay Corporation, the S&P Smallcap 600 Index,
and S&P SmallCap 600 Construction, Farm Machinery and Heavy Truck Index



*$100 invested on 8/31/14 in stock or index, including reinvestment of dividends.
Fiscal year ending August 31.

	8/14	8/15	8/16	8/17	8/18	8/19
Lindsay Corporation	100.00	99.30	95.25	116.24	130.31	121.80
S&P SmallCap 600 Index	100.00	101.80	115.30	130.41	172.75	146.74
S&P SmallCap 600 Construction, Farm Machinery and Heavy Truck Index	100.00	82.21	91.06	114.39	130.28	104.13

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

ITEM 6 — *Selected Financial Data*

($ in millions and shares in thousands, except per share and employee amounts)	For the years ended August 31, 2019 [(1)]	2018 [(2)]	2017	2016 [(3)]	2015 [(4)]
Operating data					
Operating revenues	$ 444.1	$ 547.7	$ 518.0	$ 516.4	$ 560.2
Gross profit	$ 114.6	$ 151.5	$ 145.0	$ 148.6	$ 156.3
Gross margin	25.8%	27.7%	28.0%	28.8%	27.9%
Operating expenses	$ 108.5	$ 112.5	$ 104.4	$ 114.2	$ 105.6
Operating income	$ 6.1	$ 39.0	$ 40.6	$ 34.4	$ 50.7
Operating margin	1.4%	7.1%	7.8%	6.7%	9.0%
Effective tax rate	-3.1%	40.1%	35.1%	30.8%	43.7%
Net earnings	$ 2.2	$ 20.3	$ 23.2	$ 20.3	$ 26.3
Net margin	0.5%	3.7%	4.5%	3.9%	4.7%
Per share data					
Diluted net earnings per share	$ 0.20	$ 1.88	$ 2.17	$ 1.85	$ 2.22
Cash dividends per share	$ 1.24	$ 1.21	$ 1.17	$ 1.13	$ 1.09
Financial position					
Working capital	$ 231.4	$ 251.0	$ 200.9	$ 204.2	$ 227.1
Property, plant, and equipment, net	$ 69.0	$ 57.2	$ 74.5	$ 77.6	$ 78.7
Total assets	$ 500.3	$ 499.8	$ 506.0	$ 487.5	$ 522.6
Long-term debt, including current installments	$ 116.1	$ 116.3	$ 117.0	$ 117.2	$ 117.4
Total shareholders' equity	$ 268.2	$ 276.9	$ 270.1	$ 251.6	$ 288.6
Invested capital [(5)]	$ 384.3	$ 393.2	$ 387.1	$ 368.8	$ 406.0
Cash flow data					
Net cash flows from operating activities	$ 3.8	$ 33.9	$ 39.4	$ 33.1	$ 48.7
Net cash flows from investing activities	$ (21.2)	$ 18.1	$ (10.0)	$ (9.9)	$ (79.6)
Net cash flows from financing activities	$ (14.6)	$ (11.3)	$ (10.3)	$ (61.4)	$ 3.9
Financial measures					
Return on invested capital [(6)]	1.6%	6.0%	6.9%	6.1%	7.2%
Return on beginning shareholders' equity [(7)]	0.8%	7.5%	9.2%	7.0%	6.9%
Other Data					
Diluted weighted average shares	10,810	10,772	10,694	10,930	11,855
Number of employees	1,069	1,410	1,410	1,366	1,324

(1) Fiscal 2019 operating expenses include costs of $15.1 million ($11.6 million after-tax, or $1.07 per diluted share) in connection with the Foundation for Growth initiative and a valuation adjustment of $2.7 million ($1.8 million after-tax, or $0.17 per diluted share) for indirect tax credits in a foreign jurisdiction.

(2) Fiscal 2018 operating expenses include costs of $9.7 million ($8.8 million after-tax, or $0.82 per diluted share) in connection with the Foundation for Growth initiative. Net earnings also include tax expense of $2.5 million ($0.23 per diluted share) related to the impact of the U.S. Tax Cuts and Jobs Act.

(3) Fiscal 2016 operating expenses include an increase in an environmental remediation reserve of $13.0 million.

(4) Fiscal 2015 includes operating results of Elecsys Corporation acquired in the second quarter of fiscal 2015. Operating expenses include an increase in bad debt expense of $5.0 million and an increase in an environmental remediation reserve of $1.5 million.

(5) Defined as current and long-term debt plus shareholders' equity.

(6) Defined as operating income (after tax) divided by the average of beginning and ending invested capital.

(7) Defined as net earnings divided by beginning-of-period shareholders' equity.

ITEM 7 — *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Concerning Forward—Looking Statements

This Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contains not only historical information, but also forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that are not historical are forward-looking and reflect expectations for future Company performance. In addition, forward-looking statements may be made orally or in press releases, conferences, reports, on the Company's web site, or otherwise, in the future by or on behalf of the Company. When used by or on behalf of the Company, the words "expect," "anticipate," "estimate," "believe," "intend," "will," "plan," "predict," "project," "outlook," "could," "may," "should," and similar expressions generally identify forward-looking statements. For these statements throughout the Annual Report on Form 10-K, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The entire sections entitled "Financial Overview and Outlook" and "Risk Factors" should be considered forward-looking statements.

Forward-looking statements involve a number of risks and uncertainties, including but not limited to those discussed in the "Risk Factors" section contained in Item 1A. Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results or conditions, which may not occur as anticipated. Actual results or conditions could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described herein, as well as others not now anticipated. The risks and uncertainties described herein are not exclusive and further information concerning the Company and its businesses, including factors that potentially could materially affect the Company's financial results, may emerge from time to time. Except as required by law, the Company assumes no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Company Overview

The Company manufactures and markets center pivot, lateral move, and hose reel irrigation systems. The Company also produces and markets irrigation controls, chemical injection systems, remote monitoring and irrigation scheduling systems. These products are used by farmers to increase or stabilize crop production while conserving water, energy, and labor. Through its acquisitions and third-party commercial arrangements, the Company has been able to enhance its capabilities in providing innovative, turn-key solutions to customers through the integration of designs, controls, and pump stations. The Company sells its irrigation products primarily to a world-wide independent dealer network, who resell to their customers, the farmers. The Company's primary production facilities are located in the United States. The Company has smaller production and sales operations in Brazil, France, China, Turkey, and South Africa, as well as distribution and sales operations in the Netherlands, Australia, and New Zealand. The Company also manufactures and markets, through distributors and direct sales to customers, various infrastructure products, including moveable barriers for traffic lane management, crash cushions, preformed reflective pavement tapes, and other road safety devices, through its production facilities in the United States and Italy, and has produced road safety products in irrigation manufacturing facilities in China and Brazil. In addition, the Company's infrastructure segment produces large diameter steel tubing, and railroad signals and structures, and provides outsourced manufacturing and production services for other companies.

For the business overall, the global, long-term drivers of population growth, water conservation and environmental sustainability, the need for increased food production, and the need for safer, more efficient transportation solutions remain positive. Key factors which impact demand for the Company's irrigation products include total worldwide agricultural crop production, the profitability of agricultural crop production, agricultural commodity prices, net farm income, availability of financing for farmers, governmental policies regarding the agricultural sector, water and energy conservation policies, the regularity of rainfall, regional climate conditions, and foreign currency exchange rates. A key factor which impacts demand for the Company's infrastructure products is the amount of spending authorized by governments to improve road and highway systems. Much of the U.S. highway infrastructure market is driven by government spending programs. For example, the U.S. government funds highway and road improvements through the Federal Highway Trust Fund Program. This program provides funding to improve the nation's roadway system. In December 2015, the U.S. government enacted a five-year, $305 billion highway-funding bill to fund highway and bridge projects, the first long-term national transportation spending bill in a decade. Matching funding from the various states may be required as a condition of federal funding.

The Company continues to have an ongoing, structured, acquisition process that it expects to generate additional growth opportunities throughout the world and add to its irrigation and infrastructure capabilities. The Company is committed to achieving earnings growth by global market expansion, improvements in margins, and strategic acquisitions.

New Accounting Standards Issued But Not Yet Adopted

See Note 2, New Accounting Pronouncements, to the Company's consolidated financial statements for information regarding recently issued accounting pronouncements.

Critical Accounting Policies and Estimates

In preparing the consolidated financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"), management must make a variety of decisions which impact the reported amounts and the related disclosures. Such decisions include the selection of the appropriate accounting principles to be applied and the assumptions on which to base accounting estimates. In reaching such decisions, management applies judgment based on its understanding and analysis of the relevant facts and circumstances. Certain of the Company's accounting policies are critical, as these policies are most important to the presentation of the Company's consolidated results of operations and financial condition. They require the greatest use of judgments and estimates by management based on the Company's historical experience and management's knowledge and understanding of current facts and circumstances. Management periodically re-evaluates and adjusts the estimates that are used as circumstances change. Following is the accounting policy management considers critical to the Company's consolidated results of operations and financial condition:

Environmental Remediation Liabilities

The Company's accounting policy on environmental remediation is critical because it requires significant judgments and estimates by management, involves changing regulations and approaches to remediation plans, and any revisions could be material to the operating results of any fiscal quarter or fiscal year. The Company is subject to an array of environmental laws and regulations relating to the protection of the environment. In particular, the Company committed to remediate environmental contamination of the groundwater at, and land adjacent, to its Lindsay, Nebraska facility (the "site") with the EPA. The Company and its environmental consultants have developed a remedial alternative work plan, under which the Company continues to work with the EPA to define and implement steps to better contain and remediate the remaining contamination.

Environmental remediation liabilities include costs directly associated with site investigation and clean up, such as materials, external contractor costs, and incremental internal costs directly related to the remedy. Estimates used to record environmental remediation liabilities are based on the Company's best estimate of probable future costs based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using internal resources or by third-party environmental engineers or other service providers. The Company records the undiscounted environmental remediation liabilities that represent the points in the range of estimates that are most probable, or the minimum amount when no amount within the range is a better estimate than any other amount.

The Company accrues the anticipated cost of environmental remediation when the obligation is probable and can be reasonably estimated. Although the Company has accrued reasonably estimable costs associated with remediation of the site, additional testing, environmental monitoring, and remediation could be required in the future as part of the Company's ongoing discussions with the EPA regarding the development and implementation of the remedial action plans. While any revisions could be material to the operating results of any fiscal quarter or fiscal year, the Company does not expect such additional expenses would have a material adverse effect on its liquidity or financial condition.

Financial Overview and Outlook

Operating revenues in fiscal 2019 were $444.1 million, a 19 percent decrease compared to $547.7 million in the prior year. Irrigation segment revenues decreased 20 percent to $351.5 million and infrastructure segment revenues decreased 14 percent to $92.6 million. Net earnings for fiscal 2019 were $2.2 million or $0.20 per diluted share compared with $20.3 million or $1.88 per diluted share in the prior year.

Net earnings for fiscal 2019 were reduced by after-tax costs of $11.6 million, or $1.07 per diluted share, related to the Company's Foundation for Growth initiative and by after-tax costs of $1.8 million, or $0.17 per diluted share, related to a valuation adjustment for indirect tax credits in a foreign jurisdiction. Net earnings for fiscal 2018 were reduced by tax expense of $2.5 million, or $0.23 per diluted share, due to the enactment of the U.S. Tax Cuts and Jobs Act "U.S. Tax Reform" and by after-tax costs of $8.8 million, or $0.82 per diluted share, related to the Company's Foundation for Growth initiative.

Foundation for Growth is a focused performance improvement initiative that includes setting strategic direction, defining priorities, and improving overall operating margin performance. Pre-tax costs of $15.1 million in fiscal 2019 and $9.7 million in fiscal 2018 associated with the initiative are comprised of professional consulting fees, net loss on business divestitures, severance costs and plant closing costs. These costs are expected to be recovered through improved operating income in future periods.

The business divestitures completed in the fourth quarter of fiscal 2018 and the first quarter of fiscal 2019 as part of the Foundation for Growth initiative resulted in a $78.1 million reduction in irrigation revenues in fiscal 2019 compared to fiscal 2018. Net earnings of the business divestures in fiscal 2018 represented $2.0 million, or $0.19 per diluted share.

The Company's irrigation revenues are highly dependent upon the need for irrigated agricultural crop production, which, in turn, depends upon many factors, including the following primary drivers:

- ***Agricultural commodity prices*** - As of August 2019, corn prices have increased approximately five percent and soybean prices have increased approximately three percent from August 2018. Commodity prices, although somewhat improved over the prior year, continue to be substantially lower than the peak prices in 2013.

- ***Net farm income -*** As of August 2019, the U.S. Department of Agriculture (the "USDA") estimated U.S. 2019 net farm income to be $88.0 billion, an increase of 4.8 percent from the USDA's final U.S. 2018 net farm income of $84.0 billion.

- ***Weather conditions –*** Demand for irrigation equipment is often positively affected by storm damage and prolonged periods of drought conditions as producers look for ways to reduce the risk of low crop production and crop failures. Conversely, demand for irrigation equipment can be negatively affected during periods of more predictable or excessive natural precipitation.

- ***Governmental policies*** - A number of government laws and regulations can impact the Company's business, including:

    - The Agricultural Improvement Act of 2018 (the "2018 Farm Bill") was signed into law in December 2018. The 2018 Farm Bill continues many of the programs that were in the Agricultural Act of 2014, which expired in September 2018. Such programs are designed to provide a degree of certainty to growers, including funding for the Environmental Quality Incentives Program, which provides financial assistance to farmers to implement conservation practices, and is frequently used to assist in the purchase of center pivot irrigation systems.

    - U.S. Tax Reform enacted in December 2017 increased the benefit of certain tax incentives, such as the Section 179 income tax deduction and Section 168 bonus depreciation, which are intended to encourage equipment purchases by allowing the entire cost of equipment to be treated as an expense in the year of purchase rather than amortized over its useful life.

    - Biofuel production continues to be a major demand driver for irrigated corn, sugar cane and soybeans as these crops are used in high volumes to produce ethanol and biodiesel. In July 2018, the U.S. Environmental Protection Agency ("the EPA") proposed to maintain the 2019 ethanol production target levels at the same levels as the 2018 requirements. On May 30, 2019, the EPA finalized regulatory changes to allow gasoline blended with up to 15 percent ethanol (E15) to take advantage of the 1-psi Reid Vapor Pressure (RVP) waiver that formerly applied to 10 percent ethanol, or E10, during summer months. Under the finalized expansion, E15 will be allowed to be sold year-round without additional RVP control rather than being available for sale just eight months out of the year.

    - Many international markets are affected by government policies such as subsidies and other agriculturally related incentives. While these policies can have a significant effect on individual markets, they typically do not have a material effect on the consolidated results of the Company.

- ***Currency*** –The value of the U.S. dollar fluctuates in relation to the value of currencies in a number of countries to which the Company exports products and maintains local operations. The strengthening of the dollar increases the cost in the local currency of the products exported from the U.S. into these countries and, therefore, could negatively affect the Company's international sales and margins. In addition, the U.S. dollar value of sales made in any affected foreign currencies will decline as the value of the dollar rises in relation to these other currencies.

In the U.S., uncertainty regarding the outcome of trade negotiations with other countries continues to weigh on farmer sentiment towards investment in irrigation equipment. International markets remain active with opportunities for further development and expansion, however regional political and economic factors, currency conditions and other factors can create a challenging environment. Additionally, international results are heavily dependent upon project sales which tend to fluctuate and can be difficult to forecast accurately.

The infrastructure business is dependent to some extent on government spending for road construction. In December 2015, the U.S. government enacted a five-year, $305 billion highway-funding bill to fund highway and bridge projects, the first long-term national transportation spending bill in a decade. This bill provided a level of stability and certainty but only modestly increased spending levels. In addition, the FHWA has changed highway safety product certification requirements. The change has required additional research and development spending and could have an impact on the competitive positioning of the Company's highway safety products. In spite of government spending uncertainty, opportunities exist for market expansion in each of the infrastructure product lines. Demand for the Company's transportation safety products continues to be driven by population growth and the need for improved road safety.

As of August 31, 2019, the Company had an order backlog of $55.4 million compared with $53.3 million at August 31, 2018. Included in these backlogs are amounts of $10.0 million and $3.3 million, respectively, that are not expected to be fulfilled within the subsequent fiscal year. The Company's backlog can fluctuate from period to period due to the seasonality, cyclicality, timing, and execution of contracts. Backlog typically represents long-term projects as well as short lead-time orders; therefore, it is generally not a good indication of the revenues to be realized in succeeding quarters.

The global drivers for the Company's markets of population growth, expanded food production and efficient water use and infrastructure expansion support the Company's long-term growth goals.

Results of Operations

The following "Fiscal 2019 Compared to Fiscal 2018" section presents an analysis of the Company's consolidated operating results displayed in the Consolidated Statements of Earnings and should be read together with the information in Note 17, Industry Segment Information, to the consolidated financial statements. A discussion regarding our financial condition and results of operations for fiscal 2018 compared to fiscal 2017 can be found under Item 7 in our Annual Report on Form 10-K for the fiscal year ended August 31, 2018, filed with the Securities and Exchange Commission ("SEC") on October 24, 2018, which is available free of charge on the SEC's website at www.sec.gov and the Company's website at www.lindsay.com under the tab "Investor Relations – SEC Filings."

Fiscal 2019 Compared to Fiscal 2018

The following table provides highlights for fiscal 2019 compared with fiscal 2018:

($ in thousands)	For the years ended August 31, 2019	2018	Percent increase (decrease)
Consolidated			
Operating revenues	$ 444,072	$ 547,705	-19%
Cost of operating revenues	$ 329,464	$ 396,243	-17%
Gross profit	$ 114,608	$ 151,462	-24%
Gross margin	25.8%	27.7%	
Operating expenses [(1)]	$ 108,493	$ 112,450	-4%
Operating income	$ 6,115	$ 39,012	-84%
Operating margin	1.4%	7.0%	
Other (expense) income, net	$ (4,008)	$ (5,159)	-22%
Income tax (benefit) expense	$ (65)	$ 13,576	-100%
Effective income tax rate	-3.1%	40.1%	
Net earnings	$ 2,172	$ 20,277	-89%
Irrigation segment [(2)]			
Operating revenues	$ 351,498	$ 439,858	-20%
Operating income	$ 29,804	$ 41,933	-29%
Operating margin	8.5%	9.5%	
Infrastructure segment [(2)]			
Operating revenues	$ 92,574	$ 107,847	-14%
Operating income	$ 16,599	$ 23,857	-30%
Operating margin	17.9%	22.1%	

(1) Includes corporate general and administrative expenses of $40.3 million and $26.8 million for fiscal 2019 and fiscal 2018, respectively.
(2) See Note 17 for further details regarding segments.

Revenues

Operating revenues in fiscal 2019 decreased by $103.6 million, or 19 percent, to $444.1 million compared with $547.7 million in fiscal 2018. Irrigation segment revenues decreased $88.4 million, or 20 percent, and infrastructure revenues decreased $15.2 million, or 14 percent, compared to the prior fiscal year for each. Excluding the impact of business divestitures, irrigation segment revenues decreased three percent compared to fiscal 2018. The irrigation segment provided 79 percent of Company revenue in fiscal 2019 as compared to 80 percent in fiscal 2018.

North America irrigation revenues in fiscal 2019 decreased by $76.0 million, or 26 percent, to $218.6 million from $294.6 million in fiscal 2018. Excluding the impact of business divestitures, North America irrigation revenues increased one percent compared to fiscal 2018. Higher revenue from engineering project services and the impact of higher average selling prices for irrigation equipment was partially offset by lower irrigation equipment unit volume and lower sales of replacement parts.

International irrigation revenues in fiscal 2019 decreased by $12.4 million, or nine percent, to $132.9 million from $145.2 million in fiscal 2018. Revenues decreased $7.8 million, or five percent, due to differences in foreign currency translation rates compared to the prior year. Excluding the impact of foreign currency translation, international irrigation revenues decreased $4.6 million, or three percent, compared to the prior year. Increased sales in Brazil and Europe were more than offset by declines in other markets.

Infrastructure segment revenues in fiscal 2019 decreased by $15.2 million, or 14 percent, to $92.6 million from $107.8 million in fiscal 2018. The decrease resulted primarily from lower Road Zipper System® sales as the prior year included revenues from large projects that did not repeat in fiscal 2019.

Gross Profit
Gross profit was $114.6 million for fiscal 2019, a decrease of $36.9 million, or 24 percent, compared to $151.5 million in fiscal 2018. The decrease in gross profit resulted in part from lower revenues, including the impact of the business divestitures. In addition, gross profit declined due to a decline in gross margin to 25.8 percent for fiscal 2019 compared with 27.7 percent for fiscal 2018. Gross margin in the prior year included the effects of high margin Road Zipper System® sales in infrastructure that did not repeat in fiscal 2019. In addition, lower sales of irrigation equipment and replacement parts in North America resulted in a less profitable margin mix for fiscal 2019 compared to the prior year.

Operating Expenses
The Company's operating expenses of $108.5 million for fiscal 2019 decreased $4.0 million, or four percent, compared to fiscal 2018 operating expenses of $112.5 million. Contributing to lower operating expenses in fiscal 2019 was the elimination of expenses associated with the divested businesses. Fiscal 2019 operating expenses included costs of $15.1 million in connection with the Company's Foundation for Growth initiative and a $2.7 million valuation adjustment for indirect tax credits in a foreign jurisdiction. Fiscal 2018 operating expenses included Foundation for Growth costs of $9.7 million, offset by the recovery of $2.5 million in previously reserved accounts receivable. Operating expenses were 24.4 percent of sales for fiscal 2019 compared to 20.5 percent of sales for fiscal 2018.

Income Taxes
The Company recorded income tax benefit of $65 thousand and expense of $13.6 million for fiscal 2019 and fiscal 2018, respectively. The tax benefit for fiscal 2019 resulted primarily from the impact of a change in the effective state tax rate on deferred tax assets and other discrete items. Tax expense for fiscal 2018 includes $2.5 million of incremental expense resulting from the enactment of U.S. Tax Reform and $1.8 million for tax impacts related to business divestitures.

Net Earnings
Net earnings for fiscal 2019 were $2.2 million, or $0.20 per diluted share, compared to $20.3 million, or $1.88 per diluted share, for fiscal 2018.

Liquidity and Capital Resources
The Company's cash and cash equivalents totaled $127.2 million at August 31, 2019 compared with $160.8 million at August 31, 2018. The decrease resulted from increased levels of capital spending in fiscal 2019 as well as from increased inventories to support expected future sales growth. The Company requires cash for financing its receivables and inventories, paying operating expenses and capital expenditures, and for dividends and share repurchases. The Company meets its liquidity needs and finances its capital expenditures from its available cash and funds provided by operations along with borrowings under the credit arrangements that are described below. The Company believes its current cash resources, projected operating cash flow, and remaining capacity under its continuing bank lines of credit are sufficient to cover all of its expected working capital needs, planned capital expenditures and dividends. The Company may require additional borrowings to fund potential acquisitions in the future.

The Company's total cash and cash equivalents held by foreign subsidiaries was approximately $48.1 million and $32.6 million as of August 31, 2019 and 2018, respectively. The Company considers earnings of foreign subsidiaries to be indefinitely reinvested, and would need to accrue and pay incremental state, local, and foreign taxes if such earnings were repatriated to the United States. The Company does not intend to repatriate the funds and does not expect these funds to have a significant impact on the Company's overall liquidity.

Net working capital was $231.4 million at August 31, 2019 as compared with $251.0 million at August 31, 2018. Cash flows provided by operations totaled $3.8 million during the year ended August 31, 2019 compared to $33.9 million provided by operations during the same prior year period. Cash provided by operations decreased by $30.1 million compared to the prior year primarily as a result of an $18.1 million decrease in net earnings along with increased inventories to support expected future sales growth.

Cash flows used by investing activities totaled $21.2 million during the year ended August 31, 2019 compared to cash flows provided by investing activities of $18.1 million during the same prior year period. Capital spending was

$23.2 million in fiscal 2019 compared to $11.1 million in fiscal 2018. Higher capital expenditures in fiscal 2019 resulted primarily from the corporate headquarters relocation and an increase in Road Zipper System® lease assets. Fiscal 2018 investing activities also included proceeds of $29.9 million from the sale of certain businesses.

Cash flows used in financing activities totaled $14.6 million during the year ended August 31, 2019 compared to cash flows used in financing activities of $11.3 million during the same prior year period. Cash flows used in financing activities is primarily attributable to the payment of dividends. Dividends paid in fiscal 2019 increased by $0.4 million over fiscal 2018. In addition, the change is primarily the result of lower proceeds from the exercise of stock options.

Capital Allocation Plan
The Company's capital allocation plan is to continue investing in revenue and earnings growth, combined with a defined process for enhancing returns to stockholders. Priorities for the use of cash under the Company's capital allocation plan include:

- Investment in organic growth including capital expenditures and expansion of international markets,
- Dividends to stockholders, along with expectations to increase dividends over time,
- Synergistic acquisitions that provide attractive returns to stockholders, and
- Opportunistic share repurchases taking into account cyclical and seasonal fluctuations.

Capital Expenditures and Expansion of International Markets
In fiscal 2020, the Company expects capital expenditures of approximately $15.0 million to $20.0 million, including equipment replacement, productivity improvements and new product development. The Company's management does maintain flexibility to modify the amount and timing of some of the planned expenditures in response to economic conditions.

Dividends
In fiscal 2019, the Company paid cash dividends of $1.24 per common share or $13.4 million to stockholders as compared to $1.21 per common share or $13.0 million to stockholders in fiscal 2018.

Share Repurchases
The Company's Board of Directors authorized a share repurchase program of up to $250.0 million of common stock with no expiration date. Under the program, shares may be repurchased in privately negotiated and/or open market transactions as well as under formalized trading plans in accordance with the guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. There were no shares repurchased during the years ended August 31, 2019, 2018 and 2017. The remaining amount available under the repurchase program was $63.7 million as of August 31, 2019.

Long-Term Borrowing Facilities
Senior Notes. The Company has outstanding $115.0 million in aggregate principal amount of Senior Notes, Series A (the "Senior Notes"). The entire principal of the Senior Notes is due and payable on February 19, 2030. Interest on the Senior Notes is payable semi-annually at a fixed annual rate of 3.82 percent. On May 31, 2019, the Company and holders of the Senior Notes agreed, among other things, to temporarily increase the Company's maximum permitted funded debt to EBITDA leverage ratio from 3.0 to 3.5 through the fiscal quarter ending May 31, 2020, provided that, if such ratio exceeds the original maximum permitted ratio during such period, the interest rate on the Senior Notes shall be increased by up to 0.50% depending on the degree to which the Company exceeds such ratio. During fiscal 2019 the Company did not exceed the original permitted ratio. Borrowings under the Senior Notes are unsecured. The Company used the proceeds of the sale of the Senior Notes for general corporate purposes, including acquisitions and dividends.

Revolving Credit Facility. The Company has outstanding a $50.0 million unsecured Amended and Restated Revolving Credit Facility (the "Revolving Credit Facility") with Wells Fargo Bank, National Association ("Wells Fargo") expiring May 31, 2022. The Company intends to use borrowings under the Revolving Credit Facility for working capital purposes and to fund acquisitions. At August 31, 2019 and August 31, 2018, the Company had no outstanding borrowings under the Revolving Credit Facility. The amount of borrowings available at any time under the Revolving Credit Facility is reduced by the amount of standby letters of credit issued by Wells Fargo then outstanding. At August 31, 2019, the Company had the ability to borrow up to $50.0 million under the Revolving

Credit Facility. Borrowings under the Revolving Credit Facility bear interest at a variable rate equal to LIBOR plus 90 basis points (2.9 percent at August 31, 2019), subject to adjustment as set forth in the loan documents for the Revolving Credit Facility. Interest is paid on a monthly to quarterly basis depending on loan type. The Company currently pays an annual commitment fee of 0.25 percent on the unused portion of the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility have equal priority with borrowings under the Company's Senior Notes. Each of the credit arrangements described above include certain covenants relating primarily to the Company's financial condition. These financial covenants include a funded debt to EBITDA leverage ratio and an interest coverage ratio. In the event that the loan documents for the Revolving Credit Facility were to require the Company to comply with any financial covenant that is not already included or is more restrictive than what is already included in the arrangement governing the Senior Notes, then such covenant shall be deemed incorporated by reference into the Senior Notes for the benefit of the holders of the Senior Notes. Upon the occurrence of any event of default of these covenants, including a change in control of the Company, all amounts outstanding thereunder may be declared to be immediately due and payable. At August 31, 2019 and August 31, 2018, the Company was in compliance with all financial loan covenants contained in its credit arrangements in place as of each of those dates.

Series 2006A Bonds. Elecsys International Corporation, a wholly owned subsidiary of the Company, has outstanding $1.6 million in principal amount of industrial revenue bonds that were issued in 2006 (the "Series 2006A Bonds"). Principal and interest on the Series 2006A Bonds are payable monthly through maturity on September 1, 2026. The interest rate is adjustable every five years based on the yield of the 5-year United States Treasury Notes, plus 0.45 percent (1.92 percent as of August 31, 2018). This rate was adjusted on September 1, 2016 in accordance with the terms of the bonds, and the adjusted rate will be in force until September 1, 2021. The obligations under the Series 2006A Bonds are secured by a first priority security interest in certain real estate.

Inflation

The Company is subject to the effects of changing prices. During fiscal 2019, the Company experienced pricing volatility for purchases of certain commodities, in particular steel and zinc products used in the production of its products. While the cost outlook for commodities used in the production of the Company's products is not certain, management believes it can manage these inflationary pressures by introducing appropriate sales price adjustments and by actively pursuing internal cost reduction efforts, while further refining the Company's inventory and raw materials risk management system. However, competitive market pressures may affect the Company's ability to pass price adjustments along to its customers.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

In the normal course of business, the Company enters into contracts and commitments which obligate the Company to make future payments. The Company uses off-balance sheet arrangements, such as leases accounted for as operating leases, standby letters of credit and performance bonds, where sound business principles warrant their use. The table below sets forth the Company's significant future obligations by time period.

($ in thousands) Contractual obligations [(1)]	Total	Less than 1 year	2-3 years	4-5 years	More than 5 years
Operating lease obligations	$ 42,742	$ 6,065	$ 10,037	$ 6,521	$ 20,119
Pension benefit obligations	6,559	519	1,015	979	4,046
Long-term debt	116,571	209	430	447	115,485
Interest	46,239	4,422	8,831	8,814	24,172
Total	$ 212,111	$ 11,215	$ 20,313	$ 16,761	$ 163,822

(1) Total liabilities for unrecognized tax benefits as of August 31, 2019 were $1.4 million and are excluded from the table above. Unrecognized tax benefits are classified on the Company's consolidated balance sheets within other noncurrent liabilities.

The Company does not have any additional off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ITEM 7A — *Quantitative and Qualitative Disclosures about Market Risk*

The Company uses certain financial derivatives to mitigate its exposure to volatility in interest rates and foreign currency exchange rates. The Company uses these derivative instruments to hedge exposures in the ordinary course of business and does not invest in derivative instruments for speculative purposes. The credit risk under these interest rate and foreign currency agreements is not considered to be significant. The Company attempts to manage market and credit risks associated with its derivative instruments by establishing and monitoring limits as to the types and degree of risk that may be undertaken, and by entering into transactions with counterparties that have investment grade credit ratings. As of August 31, 2019, the Company's derivative counterparty had an investment grade credit rating.

The Company has manufacturing operations in the United States, Brazil, France, Italy, China, Turkey, and South Africa. The Company has sold products throughout the world and purchases certain of its components from third-party international suppliers. Export sales made from the United States are principally U.S. dollar denominated. At times, export sales may be denominated in a currency other than the U.S. dollar. A majority of the Company's revenue generated from operations outside the United States is denominated in local currency. Accordingly, these sales are not typically subject to significant foreign currency transaction risk. The Company's most significant transactional foreign currency exposures are the Euro, the Brazilian real, the South African rand, the Turkish lira, and the Chinese renminbi in relation to the U.S. dollar. Fluctuations in the value of foreign currencies create exposures, which can adversely affect the Company's results of operations. Based on the consolidated statement of operations for the year ended August 31, 2019, the Company estimates the potential decrease in operating income from a ten percent adverse change in the underlying exchange rates, in U.S. dollar terms, would be approximately $0.5 million.

In order to reduce exposures related to changes in foreign currency exchange rates, the Company, at times, may enter into forward exchange or option contracts for transactions denominated in a currency other than the functional currency for certain of its operations. This activity primarily relates to economically hedging against foreign currency risk in purchasing inventory, sales of finished goods, intercompany transactions and future settlement of foreign denominated assets and liabilities. The Company had $1.8 million of U.S. dollar equivalent cash flow forward exchange contracts and option contracts outstanding as of August 31, 2019.

In order to reduce translation exposure resulting from translating the financial statements of its international subsidiaries into U.S. dollars, the Company, at times, utilizes Euro foreign currency forward contracts to hedge a portion of its Euro net investment exposure in its foreign operations. At August 31, 2019, the Company had outstanding Euro foreign currency forward contracts to sell 32.7 million Euro at fixed prices expected to settle during the first quarter of fiscal 2020. At August 31, 2019, the Company also had an outstanding foreign currency forward contract to sell 43.0 million South African rand at fixed prices to settle during the first quarter of fiscal 2020. Based on the net investments contracts outstanding at August 31, 2019, the Company estimates the potential decrease in fair value from a ten percent adverse change in the underlying exchange rates would be approximately $3.4 million. This decrease in fair value would be reflected as a reduction to other comprehensive income offsetting the translation exposure or adjustment of the international subsidiaries.

ITEM 8 — *Financial Statements and Supplementary Data*

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Lindsay Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Lindsay Corporation and subsidiaries (the Company) as of August 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended August 31, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended August 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated October 30, 2019 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Environmental remediation liability

As discussed in Note 15 to the consolidated financial statements, the Company's environmental remediation liability as of August 31, 2019 was $15.9 million. The environmental remediation liability represents the estimated future costs associated with the Company's plan to reduce the level of contamination at the Lindsay, Nebraska Superfund site.

We identified the evaluation of the environmental remediation liability as a critical audit matter. Subjective auditor judgment was required to evaluate the assumptions related to the anticipated remediation activities and the cost of those activities. These assumptions have a range of potential outcomes and a revision to them could have a material impact on the financial statements.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's process to estimate future remediation costs, including controls related to the development of the anticipated remediation activities and the cost of those activities. To assess the accuracy of the liability, we compared the estimated remediation costs for activities comprising the liability to historical costs incurred for similar activities or current estimates of their future costs. We also involved an environmental professional with specialized skills and knowledge, who assisted in (1) assessing the Company's environmental specialist's qualifications, and (2) evaluating the Company's planned remediation activities through comparison of the Company's selected remediation activities to those communicated to the U.S. Environmental Protection Agency and those commonly observed in conducting remediation.

Evaluation of infrastructure customer contract performance obligations

As discussed in Notes 2 and 3 to the consolidated financial statements, the Company adopted Accounting Standard Codification Topic 606, Revenue from Contracts with Customers ("ASC 606") on the first day of the fiscal year ended August 31, 2019. At times, the Company's infrastructure segment sells equipment and other services in a single contract. Certain of these contracts are considered multiple performance obligation arrangements and, under ASC 606, revenue is recognized when control of the goods or services related to each distinct performance obligation has been transferred to the customer. The infrastructure contracts that contain both equipment and services in a single contract are non-standardized and require independent assessments of performance obligations. The assessment of which performance obligations are considered distinct hinges, in part, on the judgment as to the customer's ability to benefit from use of equipment being sold on its own or only when used with other equipment or services included in the contract.

We identified the evaluation of certain infrastructure customer contract performance obligations as a critical audit matter. Subjective auditor judgment was required to evaluate the Company's determination of which infrastructure equipment and services represent distinct performance obligations.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's revenue recognition process, including controls over the interpretation of ASC 606 and identification of performance obligations within infrastructure customer contracts. We examined the Company's policies for applying ASC 606 to the Company's infrastructure customer contracts. Specifically, we evaluated whether the performance obligations identified by the Company were capable of being distinct through review of contracts. We selected a sample of infrastructure revenue transactions and performed an independent analysis of the performance obligations and compared our judgments and conclusions to those made by the Company.

/s/ KPMG LLP

We have served as the Company's auditor since 2001.

Omaha, Nebraska
October 30, 2019

Lindsay Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS

($ and shares in thousands, except per share amounts)	Years ended August 31, 2019	2018	2017
Operating revenues	$ 444,072	$ 547,705	$ 517,985
Cost of operating revenues	329,464	396,243	372,973
Gross profit	114,608	151,462	145,012
Operating expenses:			
Selling expense	30,820	40,885	40,705
General and administrative expense	63,737	55,533	46,511
Engineering and research expense	13,936	16,032	17,147
Total operating expenses	108,493	112,450	104,363
Operating income	6,115	39,012	40,649
Other income (expense):			
Interest expense	(4,767)	(4,687)	(4,757)
Interest income	2,402	1,640	1,178
Other expense, net	(1,643)	(2,112)	(1,355)
Earnings before income taxes	2,107	33,853	35,715
Income tax (benefit) expense	(65)	13,576	12,536
Net earnings	$ 2,172	$ 20,277	$ 23,179
Earnings per share:			
Basic	$ 0.20	$ 1.89	$ 2.17
Diluted	$ 0.20	$ 1.88	$ 2.17
Shares used in computing earnings per share:			
Basic	10,781	10,741	10,666
Diluted	10,810	10,772	10,694
Cash dividends declared per share	$ 1.24	$ 1.21	$ 1.17

See accompanying notes to consolidated financial statements.

Lindsay Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

($ in thousands)	Years ended August 31, 2019	2018	2017
Net earnings	$ 2,172	$ 20,277	$ 23,179
Other comprehensive income (loss):			
Defined benefit pension plan adjustment, net of tax	(192)	251	331
Foreign currency translation adjustment, net of hedging activities and tax	(1,042)	(6,231)	1,733
Total other comprehensive (loss) income, net of tax expense (benefit) of $467, $267, and ($582)	(1,234)	(5,980)	2,064
Total comprehensive income	$ 938	$ 14,297	$ 25,243

See accompanying notes to consolidated financial statements.

Lindsay Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS

($ and shares in thousands, except par values)	August 31, 2019	August 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 127,204	$ 160,787
Receivables, net of allowance of $2,635 and $3,585, respectively	75,551	69,107
Inventories, net	92,287	79,233
Assets held-for-sale	2,744	10,837
Other current assets	15,704	11,087
Total current assets	313,490	331,051
Property, plant, and equipment, net	68,968	57,248
Intangible assets, net	24,382	27,376
Goodwill	64,387	64,671
Deferred income tax assets	11,758	6,645
Other noncurrent assets	17,329	12,824
Total assets	$ 500,314	$ 499,815
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 29,434	$ 30,530
Current portion of long-term debt	209	205
Liabilities held-for-sale	—	2,424
Other current liabilities	52,488	46,935
Total current liabilities	82,131	80,094
Pension benefits liabilities	6,029	5,874
Long-term debt	115,846	116,129
Deferred income tax liabilities	872	1,083
Other noncurrent liabilities	27,227	19,769
Total liabilities	232,105	222,949
Shareholders' equity:		
Preferred stock of $1 par value - authorized 2,000 shares; no shares issued and outstanding	—	—
Common stock at $1 par value - authorized 25,000 shares; 18,870 and 18,841 shares issued at August 31, 2019 and 2018, respectively	18,870	18,841
Capital in excess of stated value	71,684	68,465
Retained earnings	474,740	484,886
Less treasury stock - at cost, 8,083 shares	(277,238)	(277,238)
Accumulated other comprehensive loss, net	(19,847)	(18,088)
Total shareholders' equity	268,209	276,866
Total liabilities and shareholders' equity	$ 500,314	$ 499,815

See accompanying notes to consolidated financial statements.

Lindsay Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
($ and shares in thousands, except per share amounts)

	Shares of common stock	Shares of treasury stock	Common stock	Capital in excess of stated value	Retained earnings	Treasury stock	Accumulated other comprehensive (loss) income, net	Total shareholders' equity
Balance at August 31, 2016	18,713	8,083	$ 18,713	$ 57,338	$466,926	$(277,238)	$ (14,172)	$ 251,567
Comprehensive income:								
Net earnings					23,179			23,179
Other comprehensive income							2,064	2,064
Total comprehensive income								25,243
Cash dividends ($1.17) per share					(12,490)			(12,490)
Issuance of common shares under share compensation plans	67		67	2,318				2,385
Share-based compensation expense				3,350				3,350
Balance at August 31, 2017	18,780	8,083	$ 18,780	$ 63,006	$477,615	$(277,238)	$ (12,108)	$ 270,055
Comprehensive income:								
Net earnings					20,277			20,277
Other comprehensive loss							(5,980)	(5,980)
Total comprehensive income								14,297
Cash dividends ($1.21) per share					(13,006)			(13,006)
Issuance of common shares under share compensation plans	61		61	1,894				1,955
Share-based compensation expense				3,565				3,565
Balance at August 31, 2018	18,841	8,083	$ 18,841	$ 68,465	$484,886	$(277,238)	$ (18,088)	$ 276,866
Comprehensive income:								
Net earnings					2,172			2,172
Other comprehensive loss							(1,234)	(1,234)
Total comprehensive income								938
Cash dividends ($1.24) per share					(13,375)			(13,375)
Issuance of common shares under share compensation plans	29		29	(976)				(947)
Share-based compensation expense				4,195				4,195
Cumulative effect of ASC 606 adoption					532			532
Cumulative effect of ASU 2018-02 adoption					525		(525)	—
Balance at August 31, 2019	18,870	8,083	$ 18,870	$ 71,684	$474,740	$(277,238)	$ (19,847)	$ 268,209

See accompanying notes to consolidated financial statements.

Lindsay Corporation and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in thousands)	Years ended August 31, 2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 2,172	$ 20,277	$ 23,179
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	14,018	16,514	16,678
Loss on sale of businesses	301	4,056	—
Provision for uncollectible accounts receivable	(496)	(2,587)	(574)
Deferred income taxes	(5,686)	(50)	(903)
Share-based compensation expense	4,195	3,891	3,598
Valuation adjustment for indirect tax credits	2,795	—	—
Other, net	981	2,903	626
Changes in assets and liabilities:			
Receivables	(7,969)	(3,714)	7,959
Inventories	(16,187)	(8,173)	(10,092)
Other current assets	173	(1,150)	4,581
Accounts payable	2,119	159	4,076
Other current liabilities	2,629	3,671	(3,821)
Other noncurrent assets and liabilities	4,752	(1,863)	(5,858)
Net cash provided by operating activities	3,797	33,934	39,449
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant, and equipment	(23,211)	(11,054)	(8,863)
Proceeds from sale of businesses	—	29,888	—
Proceeds from settlement of net investment hedges	2,262	2,278	2,117
Payments for settlement of net investment hedges	(327)	(3,089)	(3,466)
Other investing activities, net	57	82	233
Net cash (used in) provided by investing activities	(21,219)	18,105	(9,979)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from exercise of stock options	177	2,788	3,020
Common stock withheld for payroll tax obligations	(1,124)	(833)	(635)
Principal payments on long-term debt	(205)	(201)	(197)
Payment of debt issuance costs	(115)	—	—
Dividends paid	(13,375)	(13,006)	(12,490)
Net cash used in financing activities	(14,642)	(11,252)	(10,302)
Effect of exchange rate changes on cash and cash equivalents	(1,519)	(1,620)	1,206
Net change in cash and cash equivalents	(33,583)	39,167	20,374
Cash and cash equivalents, beginning of period	160,787	121,620	101,246
Cash and cash equivalents, end of period	$ 127,204	$ 160,787	$ 121,620
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	$ 7,887	$ 11,184	$ 16,214
Interest paid	$ 4,671	$ 4,626	$ 4,696
NONCASH INVESTING ACTIVITIES			
Issuance of note receivable from sale of business	$ 5,589	$ —	$ —

See accompanying notes to consolidated financial statements.

Lindsay Corporation and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Description of Business and Significant Accounting Policies

Lindsay Corporation, along with its subsidiaries (collectively called "Lindsay" or the "Company"), is a global leader in providing a variety of proprietary water management and road infrastructure products and services. The Company has been involved in the manufacture and distribution of agricultural irrigation equipment since 1955 and has grown from a regional company to an international water efficiency solutions and highway infrastructure firm with worldwide sales and distribution. Lindsay, a Delaware corporation, maintains its global headquarters in Omaha, Nebraska. The Company has operations which are categorized into two major reporting segments.

Irrigation Segment
The Company's irrigation segment includes the manufacture and marketing of center pivot, lateral move, and hose reel irrigation systems which are used principally in the agricultural industry to increase or stabilize crop production while conserving water, energy and labor. The irrigation segment also manufactures and markets repair and replacement parts for its irrigation systems and controls. The Company continues to strengthen irrigation product offerings through innovative technology such as Global Positioning System ("GPS") positioning and guidance, variable rate irrigation, wireless irrigation management, machine-to-machine ("M2M") communication technology solutions and smartphone applications. The Company's domestic irrigation manufacturing facilities are located in Lindsay, Nebraska and Olathe, Kansas. Internationally, the Company has production operations in Brazil, France, China, Turkey and South Africa as well as distribution and sales operations in the Netherlands, Australia and New Zealand. The Company also exports equipment from the U.S. to other international markets.

Infrastructure Segment
The Company's infrastructure segment includes the manufacture and marketing of moveable barriers, specialty barriers, crash cushions and end terminals, road marking and road safety equipment, large diameter steel tubing, and railroad signals and structures. The infrastructure segment also provides outsourced manufacturing and production services. The principal infrastructure manufacturing facilities are located in Rio Vista, California; Milan, Italy; and Lindsay, Nebraska.

Notes to the consolidated financial statements describe various elements of the financial statements and the accounting policies, estimates, and assumptions applied by management. While actual results could differ from those estimated at the time of preparation of the consolidated financial statements, management believes that the accounting policies, assumptions, and estimates applied promote the representational faithfulness, verifiability, neutrality, and transparency of the accounting information included in the consolidated financial statements. The significant accounting policies of the Company are as follows:

Principles of Consolidation
The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions are eliminated in consolidation.

Reclassifications
Certain reclassifications have been made to prior financial statements to conform to the current-year presentation.

Use of Estimates
The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition
The Company adopted *ASC 606 – Revenue from Contracts with Customers* on September 1, 2018 using the modified retrospective transition approach. The core principle of ASC 606 is that revenue should be recognized in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled for exchange of those goods or services. Refer to Note 2 for additional information regarding the adoption of ASC 606 and Note 3 for additional information regarding our revenue recognition policy under ASC 606.

Share-Based Compensation
The Company recognizes compensation expense for all share-based payment awards made to employees and directors based on estimated fair values on the date of grant. The Company uses the straight-line amortization method over the vesting period of the awards. The Company has historically issued shares upon exercise of stock options or vesting of restricted stock units or performance stock units.

The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company's Consolidated Statement of Operations over the periods during which the employee or director is required to perform a service in exchange for the award.

The Company uses the Black-Scholes option-pricing model ("Black-Scholes model") as its valuation method for stock option awards. Under the Black-Scholes model, the fair value of stock option awards on the date of grant is estimated using an option-pricing model that is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to, the Company's expected stock price volatility over the term of the awards and actual and projected employee stock option exercise behaviors. Restricted stock, restricted stock units, performance shares and performance stock units issued under the 2015 Long-Term Incentive Plan will have a grant-date fair value equal to the fair market value of the underlying stock on the grant date less present value of expected dividends.

Warranty Costs
The Company's provision for product warranty reflects management's best estimate of probable liability under its product warranties. At the time a sale is recognized, the company records the estimated future warranty costs. The Company generally determines its total future warranty liability by applying historical claims rate experience to the amount of equipment that has been sold and is still within the warranty period. In addition, the Company records provisions for known warranty claims. This provision is periodically adjusted to reflect actual experience.

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments with original maturities of three months or less.

Receivables and Allowances
Trade receivables are reported on the balance sheet net of any doubtful accounts. Losses are recognized when it is probable that an asset has been impaired and the amount of the loss can be reasonably estimated. In estimating probable losses, the Company reviews specific accounts that are significant and past due, in bankruptcy or otherwise identified as at risk for potential credit loss. Collectability of these specific accounts are assessed based on facts and circumstances of that customer, and an allowance for credit losses is established based on the probability of default. In assessing the likelihood of collection of receivable, the Company considers (for example) the Company's history of collections, the current status of discussions and repayment plans, collateral received, and other evidence and information regarding collection or default risk that is available in the market place. The allowance for credit losses attributable to the remaining accounts is established using probabilities of default and an estimate of associated losses based upon the aging of receivable balances, collection experience, economic condition and credit risk quality.

As the Company's international business has grown, the exposure to potential losses in international markets has also increased. These exposures can be difficult to estimate, particularly in areas of political instability or with governments with which the Company has limited experience or where there is a lack of transparency as to the current credit condition of governmental units. The Company's allowance for all doubtful accounts related to outstanding receivables decreased to $2.6 million at August 31, 2019 from $3.6 million at August 31, 2018. The Company's evaluation of the adequacy of the allowance for credit losses is based on facts and circumstances available to the Company at the date the consolidated financial statements are issued and considers any significant changes in circumstances occurring through the date that the financial statements are issued.

Inventories
Inventories are stated at the lower of cost or net realizable value. Cost is determined by the last-in, first-out ("LIFO") method, the first-in, first-out ("FIFO") method, or the weighted average cost method for inventory depending on the operations at each specific location. At all locations, the Company reserves for obsolete, slow moving, and excess inventory by estimating the net realizable value based on the potential future use of such inventory.

Property, Plant, and Equipment
Property, plant, equipment, and capitalized assets held for lease are stated at cost. The Company capitalizes major expenditures and charges to operating expenses the cost of current maintenance and repairs. Provisions for depreciation and amortization have been computed principally on the straight-line method for property, plant, and equipment. Rates used for depreciation are based principally on the following expected lives: buildings -- 15 to 40 years; equipment -- 3 to 7 years; computer hardware and software – 3 to 5 years; leased barrier transfer machines -- 8 to 10 years; leased barriers -- 12 years; other -- 2 to 20 years and leasehold improvements – shorter of the economic life or term of the lease. The Company's internally developed software is included in computer hardware and software. All of the Company's long-lived asset groups are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the expected future cash flows is less than the carrying amount of the asset group, an impairment loss is recognized based upon the difference between the fair value of the asset and its carrying value. No impairments were recorded during the fiscal years ended August 31, 2019, 2018, and 2017. The cost and accumulated depreciation relating to assets retired or otherwise disposed of are eliminated from the respective accounts at the time of disposition. The resulting gain or loss is included in operating income in the consolidated statements of earnings.

Valuation of Goodwill and Identifiable Intangible Assets
Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. Acquired intangible assets are recognized separately from goodwill. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually at August 31 and whenever triggering events or changes in circumstances indicate its carrying value may not be recoverable. Assessment of the potential impairment of goodwill and identifiable intangible assets is an integral part of the Company's normal ongoing review of operations. Testing for potential impairment of these assets is significantly dependent on numerous assumptions and reflects management's best estimates at a particular point in time. The dynamic economic environments in which the Company's businesses operate and key economic and business assumptions related to projected selling prices, market growth, inflation rates and operating expense ratios, can significantly affect the outcome of impairment tests. Estimates based on these assumptions may differ significantly from actual results. Changes in factors and assumptions used in assessing potential impairments can have a significant impact on the existence and magnitude of impairments, as well as the time in which such impairments are recognized.

In fiscal 2019, in conjunction with the Company's annual review for impairment, the Company performed a qualitative analysis of goodwill for each of the Company's reporting units, which are the same as its operating segments, and did not identify any potential impairment. Also in fiscal 2019, the Company performed a qualitative analysis of other intangible assets not subject to amortization and concluded there were no indicators of impairment.

Income Taxes
Income taxes are accounted for utilizing the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying value of existing assets and liabilities and their respective tax bases. These expected future tax consequences are measured based on currently enacted tax rates. The effect of tax rate changes on deferred tax assets and liabilities is recognized in income during the period that includes the enactment date. In assessing the ability to realize deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Company's evaluation of the adequacy of any potential

allowance is based on facts and circumstances available to the Company at the date the consolidated financial statements are issued and considers any significant changes in circumstances occurring through the date that the financial statements are issued.

Net Earnings per Share
Basic net earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted net earnings per share is computed using the weighted average number of common shares outstanding plus dilutive potential common shares outstanding during the period.

Employee stock options, non-vested shares and similar equity instruments granted by the Company are treated as potential common share equivalents outstanding in computing diluted net earnings per share. The Company's diluted common shares outstanding reported in each period includes the dilutive effect of restricted stock units, in-the-money options, and performance stock units for which threshold performance conditions have been satisfied and is calculated based on the average share price for each fiscal period using the treasury stock method. Under the treasury stock method, the amount the employee must pay for exercising stock options, and the amount of compensation cost for future service that the Company has not yet recognized, are assumed to be used to repurchase shares.

Derivative Instruments and Hedging Activities
The Company uses certain financial derivatives to mitigate its exposure to volatility in interest rates and foreign currency exchange rates. All derivative instruments are recorded on the balance sheet at their respective fair values. The Company uses these derivative instruments only to hedge exposures in the ordinary course of business and does not invest in derivative instruments for speculative purposes. On the date a derivative contract is entered into, the Company may elect to designate the derivative as a fair value hedge, a cash flow hedge, or the hedge of a net investment in a foreign operation.

The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative that is used in the hedging transaction is effective. For those instruments that are designated as a cash flow hedge and meet certain documentary and analytical requirements to qualify for hedge accounting treatment, changes in the fair value for the effective portion are reported in other comprehensive income ("OCI"), net of related income tax effects, and are reclassified to the income statement when the effects of the item being hedged are recognized in the income statement. Changes in fair value of derivative instruments that qualify as hedges of a net investment in foreign operations are recorded as a component of accumulated currency translation adjustment in accumulated other comprehensive income ("AOCI"), net of related income tax effects. Changes in the fair value of undesignated hedges are recognized currently in earnings. All changes in derivative fair values due to ineffectiveness are recognized currently in income.

The Company discontinues hedge accounting prospectively when it is determined that the derivative is no longer effective in offsetting changes in the cash flows of the hedged item, the derivative expires or is sold, terminated, or exercised, or management determines that designation of the derivative as a hedging instrument is no longer appropriate. In situations in which the Company does not elect hedge accounting or hedge accounting is discontinued and the derivative is retained, the Company carries or continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent changes in its fair value through earnings. The Company manages market and credit risks associated with its derivative instruments by establishing and monitoring limits as to the types and degree of risk that may be undertaken, and by entering into transactions with high-quality counterparties. As of August 31, 2019, the Company's derivative counterparty had investment grade credit ratings.

Fair Value Measurements
The Company's disclosure of the fair value of assets and liabilities is based on a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refers broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – inputs to valuation techniques are quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs to the valuation techniques are other than quoted prices but are observable for the assets or liabilities, either directly or indirectly

- Level 3 – inputs to the valuation techniques are unobservable for the assets or liabilities

Treasury Stock
When the Company repurchases its outstanding stock, it records the repurchased shares at cost as a reduction to shareholders' equity. The weighted average cost method is utilized for share re-issuances. The difference between the cost and the re-issuance price is charged or credited to a "capital in excess of stated value – treasury stock" account to the extent that there is a sufficient balance to absorb the charge. If the treasury stock is sold for an amount less than its cost and there is not a sufficient balance in the capital in excess of stated value – treasury stock account, the excess is charged to retained earnings.

Contingencies
The Company's accounting for contingencies covers a variety of business activities including contingencies for legal exposures and environmental exposures. The Company accrues these contingencies when its assessments indicate that it is probable that a liability has been incurred and an amount can be reasonably estimated. The Company's estimates are based on currently available facts and its estimates of the ultimate outcome or resolution. Actual results may differ from the Company's estimates resulting in an impact, positive or negative, on earnings.

Environmental Remediation Liabilities
Environmental remediation liabilities include costs directly associated with site investigation and clean up, such as materials, external contractor costs and incremental internal costs directly related to the remedy. The Company accrues the anticipated cost of environmental remediation when the obligation is probable and can be reasonably estimated. Estimates used to record environmental remediation liabilities are based on the Company's best estimate of probable future costs based on site-specific facts and circumstances. Estimates of the cost for the likely remedy are developed using internal resources or by third-party environmental engineers or other service providers. The Company records the undiscounted environmental remediation liabilities that represent the points in the range of estimates that are most probable or the minimum amount when no amount within the range is a better estimate than any other amount.

Translation of Foreign Currency
The Company's portion of the assets and liabilities related to foreign investments are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. Revenue and expenses are translated at the average rates of exchange prevailing during the year. Unrealized gains or losses are reflected within common shareholders' equity as accumulated other comprehensive income or loss.

Note 2 – New Accounting Pronouncements

Recent Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires lessees to recognize a right-of-use asset and a lease liability for most leases and disclose key information about leasing arrangements. The ASU is effective for public entities in the first fiscal year beginning after December 15, 2019. The Company will adopt this ASU for all annual and interim reporting periods in the first quarter of fiscal 2020. The Company elected the modified retrospective transition method which allows for the recognition of any cumulative effective adjustments to the beginning balances in the period of adoption. The Company has elected to not recast its comparative periods in transition as allowed under ASU 2018-11 and has made an accounting policy election to not record an asset and liability for leases with an expected term of 12 months or less. In addition, the Company elected practical expedients to not reassess whether existing contracts are or contain leases, the classification of any existing leases, and accounting for initial direct costs of any existing leases. Additionally, the Company elected to treat all contract components as a single lease component for all classes of underlying assets.

The Company has completed its implementation efforts, which included various procedures performed to identify the Company's portfolio of lease agreements, implementation of a new leasing software to meet the reporting and disclosure requirements of the standard, and an evaluation of its lease related processes and internal controls. The Company will record a right of use asset and lease liability of approximately $25.6 million and $29.4 million, respectively, upon adoption of the standard on the first day of fiscal 2020. Implementation of ASC 842 is not expected to have a material impact on the Company's consolidated statements of operations or cash flows for its lessee transactions. The Company's Infrastructure segment generates revenue from transactions in which it is the lessor. Adoption of the ASC 842 is not expected to have a material impact on the Company's consolidated balance sheets, statements of operations or cash flows for its lessor transactions.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*. The standard replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses on instruments within its scope, including trade receivables. This update is intended to provide financial statement users with more decision-useful information about the expected credit losses. The effective date of ASU No. 2016-13 will be the first quarter of the Company's fiscal 2021 with early adoption permitted. The Company is currently evaluating the impact of the adoption of ASU No. 2016-13 on its consolidated financial statements.

In August 2017, the FASB issued ASU No. 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which modifies the financial reporting of hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. ASU No. 2017-12 is effective in the first quarter of the Company's fiscal 2020 with early adoption permitted. The Company does not believe the adoption of this ASU will have a material impact on its consolidated financial statements.

Recent Accounting Guidance Adopted
In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers,* which had been codified in ASC Topic 606 *Revenue from Contracts with Customers.* The standard provides a single model for revenue arising from contracts with customers and supersedes previous revenue recognition guidance. The guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of goods or services. The guidance replaces existing revenue recognition guidance in U.S. GAAP and became effective for the Company in its first quarter of fiscal 2019. Under ASC Topic 606 the timing of revenue recognition may differ from previous guidance for contracts with multiple performance obligations as revenue is recognized when control has been transferred for each performance obligation. For custom and contract manufactured products that do not have an alternate use to the Company, revenue is recognized over-time when the customer agreements contain contractual termination clauses and right to payment for work performed to date which is a change from previous guidance.

The Company adopted the new standard using the modified retrospective approach effective the first day of fiscal 2019. As a result of the adoption, the Company increased retained earnings, $0.5 million, net of tax. This change relates primarily to custom and contract manufacturing arrangements for certain of the Company's irrigation and infrastructure equipment products at various stages of production at August 31, 2018 in addition to contracts with multiple performance obligations for which control of the relevant performance obligation had been satisfied. Results for reporting periods beginning September 1, 2018 are presented in accordance with ASC Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with the previously applied revenue recognition guidance.

In March 2017, the FASB issued ASU No. 2017-07, *Presentation of Net Periodic Benefit Cost Related to Defined Benefit Plans*, which amends the income statement presentation requirements for the components of net periodic benefit cost for an entity's defined benefit pension and post-retirement plans. The Company adopted ASU No. 2017-07 in first quarter of fiscal 2019, recognizing the net periodic pension cost within other (expense) income, net. The Company also reclassified net periodic pension cost of $0.4 million for the years ended August 31, 2018 and 2017 out of general and administrative expense and into other expense, net.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), *Income Tax Accounting Implications of the Tax Cuts and Jobs Act*, which provides guidance on accounting for the impacts of the U.S. Tax Cuts and Jobs Act ("U.S. Tax Reform"). SAB 118 directs companies to consider the impact of the U.S. Tax Reform as provisional when it does not have the necessary information available, prepared, or analyzed in reasonable detail to complete its accounting under ASC Topic 740, *Income Taxes*. The Company has completed its accounting for the tax effects of U.S. Tax Reform as more fully explained in Note 7 to the condensed consolidated financial statements.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which provides entities with the option to eliminate the stranded tax effects associated with the change in tax rates under U.S. Tax Reform through a reclassification of the stranded tax effects from accumulated other comprehensive income ("AOCI") to retained earnings. The amount of the reclassification is calculated on the basis of the difference between the historical and newly enacted tax rates for deferred tax liabilities and assets related to items within AOCI. The Company adopted ASU No. 2018-02 in the first quarter of fiscal 2019 and reclassified $0.5 million to retained earnings for the impact of stranded tax effects resulting from U.S. Tax Reform.

Note 3 – Revenue Recognition

The cumulative effect of initially applying the new revenue standard under ASC Topic 606 was recorded as an adjustment to the opening balance of retained earnings, which impacted the condensed consolidated balance sheet as follows:

($ in thousands)	August 31, 2018	ASC Topic 606 Adjustments	September 1, 2018
Assets			
Inventories, net	$ 79,233	$ (942)	$ 78,291
Other current assets	11,087	1,651	12,738
Liabilities and Stockholders' Equity			
Other current liabilities	$ 46,935	$ 14	$ 46,949
Deferred income tax liabilities	1,083	163	1,246
Retained earnings	484,886	532	485,418

The adoption of ASC Topic 606 had the following impact on the consolidated balance sheet as of August 31, 2019 and consolidated statement of earnings for the year ended August 31, 2019:

($ in thousands)	As Reported	Adjustments	Balance without adoption of ASC Topic 606
Assets			
Inventories, net	$ 92,287	$ 3,729	$ 96,016
Other current assets	15,704	(1,170)	14,534
Liabilities and Stockholders' Equity			
Other current liabilities	$ 52,488	$ 5,711	$ 58,199
Retained earnings	474,740	(3,153)	471,587

($ in thousands)	As Reported	Adjustments	Balance without adoption of ASC Topic 606
Statement of Earnings			
Operating revenues	$ 444,072	$ (6,359)	$ 437,713
Operating income	6,115	(3,410)	2,705

The Company determines the appropriate revenue recognition for its contracts by analyzing the type, terms and conditions of each contract or arrangement with a customer. Revenue is recognized when the Company satisfies the performance obligation by transferring control over goods or services to a customer. The amount of revenue recognized is measured as the consideration the Company expects to receive in exchange for those goods or services pursuant to a contract with the customer. The Company does not recognize revenue in cases where collectability is not probable, and defers the recognition until collection is probable or payment is received. Sales taxes, value added taxes, and other taxes collected from its customers concurrent with its revenue activities are excluded from revenue.

The Company elected to use the practical expedient of treating shipping and handling costs associated with outbound freight as a fulfillment obligation instead of a separate performance obligation. Shipping and handling fees billed to the customer are reported as revenue and recorded in the same period as the associated fulfillment costs.

Customer rebates, cash discounts and other sales incentives are recorded as a reduction of revenues in the period in which the sale is recognized. The Company establishes provisions for estimated warranties and does not generally sell extended warranties for its products.

In addition, the Company elected to use the practical expedient of not disclosing the value of unsatisfied performance obligations at the end of the period when the contract has an original expected length of service of one year or less. For contracts with a length longer than twelve months, the unsatisfied performance obligations were $7.0 million at August 31, 2019.

Performance Obligations
A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation using the stand-alone selling price of each distinct good or service in the contract. For most performance obligations, the stand-alone selling price is directly observable as these goods or services are also sold separately by the Company. For performance obligations where the stand-alone selling price is not directly observable, the Company uses the expected cost plus a margin approach, under which the expected costs of satisfying a performance obligation are forecasted and then an appropriate margin for that distinct good or service is added.

The Company's performance obligations are satisfied at either a point in time or over time depending on the measure of progress applied toward the complete satisfaction in the transfer of control of the related goods and services to the customer.

Revenue recognized at a point in time is derived from the sale of equipment and related parts. Revenue recognition for equipment and parts is generally at a point in time upon transfer of control of the goods to the customer which generally happens upon shipment of goods to the customer.

Revenue recognized over time is primarily derived from engineering services and remote monitoring subscription services as well as custom and contract manufactured products. For engineering services, transfer of control to the customer is continuous over time. Therefore, revenue is recognized based on the extent of progress towards completion of the performance obligation. Judgment is required when selecting the method to measure progress towards completion. For fixed price agreements, the Company recognizes revenue on an inputs basis, using total costs incurred to date as a percentage of total costs expected to be incurred. For time and material arrangements, the Company utilizes an output method of resources consumed such as the expended hours times the hourly billing rate. For remote monitoring subscription services, customers are generally billed in advance and revenue is recognized ratably over the life of the agreement.

For custom and contract manufactured products, the transfer of control is continuous over the life of the agreement and products do not have an alternate use to the Company. When the customer agreements contain contractual termination clauses and right to payment for work performed to date, the revenue from these agreements is recognized over time as the products are produced.

The Company also leases certain infrastructure property to customers. Revenues from the leasing of infrastructure property are recognized on a straight-line basis over the lease term.

A breakout by segment of revenue recognized over time versus point in time for twelve months ended August 31, 2019 is as follows:

($ in thousands)	Year ended August 31, 2019 Irrigation	Infrastructure	Total
Point in time	$ 318,544	$ 78,768	$ 397,312
Over time	32,954	6,054	39,008
Revenue from the contracts with customers	351,498	84,822	436,320
Lease revenue	—	7,752	7,752
Total operating revenues	$ 351,498	$ 92,574	$ 444,072

Further disaggregation of revenue is disclosed in the Note 18 – Industry Segment Information.

Contract Balances

Contract assets arise when recorded revenue for a contract exceeds the amounts billed under the terms of such contract. Contract liabilities arise when billed amounts exceed revenue recorded. Amounts are billable to customers upon various measures of performance, including achievement of certain milestones and completion of specified units of completion of the contract.

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract liabilities primarily relate to the advance consideration received from customers for customer contracts, for which transfer of control of products or performance of service occurs in the future, and therefore revenue is recognized upon completion of the performance obligation. The Company has elected to recognize the incremental costs of obtaining a contract with a term of less than one year as a selling expense when incurred.

At August 31, 2019, contract assets amounted to $1.3 million. This amount is included within other current assets on the consolidated balance sheet. The contract asset attributable to the cumulative effect from the adoption of ASC Topic 606 totaled $1.1 million; the contract asset at August 31, 2018 was $0.5 million.

At August 31, 2019, the contract liability amounted to $18.4 million. Contract liabilities are included within other current liabilities and noncurrent liabilities on the consolidated balance sheet. During the year ended August 31, 2019, the Company recognized $8.0 million of revenue that was included in the liability as of August 31, 2018. The revenue recognized was due to performance obligations being completed during the year. Amounts included here exclude deferred lease revenues that are also included within other current liabilities.

Note 4 – Divestitures and Held-For-Sale

During fiscal 2018, in connection with a portfolio review of business investments, the Company committed to a plan of divestiture of its pump and filtration businesses, a Company-owned irrigation dealership, and a Company-owned water resource consulting firm, all of which are reported in the Irrigation segment. The Company determined that the divestiture of these businesses does not meet the criteria for discontinued operations presentation as the commitment to divest these businesses does not represent a strategic shift that will have a major effect on its operations and financial results. The Company completed the divestiture of its pump and filtration businesses and the Company-owned water resource consulting firm during the fourth quarter of fiscal 2018. The Company has recorded a loss on sale of businesses of $4.1 million included in general and administrative expense on the consolidated statement of earnings in the fiscal year ended August 31, 2018.

The Company completed the sale of the Company-owned irrigation dealership during fiscal 2019. Because the divestiture did not meet the criteria for discontinued operations presentation, the assets and liabilities of the Company-owned irrigation dealership were separately presented within the captions "Assets held-for-sale" and "Liabilities held-for-sale" in the consolidated balance sheet as of August 31, 2018.

Additionally, during the fourth quarter of fiscal 2018, the Company closed one of its infrastructure manufacturing facilities in North America and consolidated its operations with an irrigation manufacturing facility. The building related to the closure is currently listed for sale and is included within the caption "Assets held-for-sale" in the consolidated balance sheet as of August 31, 2019.

The carrying amounts of the major classes of assets and liabilities that were classified as held-for-sale at August 31, 2019 and 2018, are as follows:

($ in thousands)	August 31, 2019	August 31, 2018
Receivables, net of allowance of $0 and $244, respectively	$ —	$ 3,473
Inventories, net	—	3,676
Property, plant, and equipment, net	2,744	3,637
Intangibles, net	—	51
Total assets	2,744	10,837
Accounts payable	—	1,476
Other current liabilities	—	948
Total liabilities	—	2,424
Net assets	$ 2,744	$ 8,413

Note 5 – Net Earnings Per Share

The following table shows the computation of basic and diluted net earnings per share for fiscal 2019, 2018, and 2017:

($ and shares in thousands, except per share amounts)	For the years ended August 31, 2019	2018	2017
Numerator:			
Net earnings	$ 2,172	$ 20,277	$ 23,179
Denominator:			
Weighted average shares outstanding	10,781	10,741	10,666
Diluted effect of stock equivalents	29	31	28
Weighted average shares outstanding assuming dilution	10,810	10,772	10,694
Basic net earnings per share	$ 0.20	$ 1.89	$ 2.17
Diluted net earnings per share	$ 0.20	$ 1.88	$ 2.17

Certain stock options and restricted stock units were excluded from the computation of diluted net earnings per share because their effect would have been anti-dilutive. Performance stock units are excluded from the calculation of dilutive potential common shares until the threshold performance conditions have been satisfied. The following table shows the securities excluded from the computation of earnings per share because their effect would have been anti-dilutive:

(Units and options in thousands)	For the years ended August 31, 2019	2018	2017
Restricted stock units	8	19	10
Stock options	72	65	108
Performance stock units	5	—	—

Note 6 – Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is included in the accompanying consolidated balance sheets in the shareholders' equity section, and consists of the following components:

($ in thousands)	August 31, 2019	August 31, 2018
Accumulated other comprehensive loss:		
Defined benefit pension plan, net of tax benefit of $885 and $1,362	$ (2,916)	$ (2,199)
Foreign currency translation, net of hedging activities, net of tax expense of $3,202 and $2,686	(16,931)	(15,889)
Total accumulated other comprehensive loss	$ (19,847)	$ (18,088)

The following is a roll-forward of the balances in accumulated other comprehensive loss, net of tax.

($ in thousands)	Defined benefit pension plan adjustment	Foreign currency translation adjustment	Accumulated other comprehensive loss
Balance at August 31, 2017	$ (2,450)	$ (9,658)	$ (12,108)
Current period change	251	(6,231)	(5,980)
Balance at August 31, 2018	(2,199)	(15,889)	(18,088)
Current period change	(717)	(1,042)	(1,759)
Balance at August 31, 2019	$ (2,916)	$ (16,931)	$ (19,847)

Note 7 – Income Taxes

For financial reporting purposes earnings (losses) before income taxes include the following components:

($ in thousands)	For the years ended August 31, 2019	2018	2017
United States	$ (1,949)	$ 25,116	$ 21,969
Foreign	4,056	8,737	13,746
	$ 2,107	$ 33,853	$ 35,715

Significant components of the income tax provision are as follows:

($ in thousands)	For the years ended August 31, 2019	2018	2017
Current:			
Federal	$ 2,190	$ 9,313	$ 7,873
State	324	1,047	781
Foreign	3,107	3,266	4,785
Total current	5,621	13,626	13,439
Deferred:			
Federal	(3,209)	517	(688)
State	(624)	(47)	(43)
Foreign	(1,853)	(520)	(172)
Total deferred	(5,686)	(50)	(903)
Total income tax provision	$ (65)	$ 13,576	$ 12,536

Total income tax provision resulted in effective tax rates differing from that of the statutory United States federal income tax rates. The reasons for these differences are:

	For the years ended August 31,					
	2019		2018		2017	
($ in thousands)	Amount	%	Amount	%	Amount	%
U.S. statutory rate	$ 443	21.0	$ 8,700	25.7	$ 12,500	35.0
State and local taxes, net of federal tax benefit	(379)	(18.0)	743	2.2	480	1.3
Foreign tax rate differences	164	7.8	809	2.4	(486)	(1.4)
U.S. tax reform	160	7.6	2,496	7.4	—	—
Deferred tax asset valuation allowance	142	6.7	758	2.2	(21)	(0.1)
Domestic production activities deduction	—	—	(727)	(2.1)	(700)	(2.0)
Federal credits	(338)	(16.0)	(375)	(1.1)	(288)	(0.8)
Uncertain tax benefits	(153)	(7.3)	198	0.6	264	0.7
Other	(104)	(4.9)	974	2.9	787	2.2
Effective rate	$ (65)	(3.1)	$ 13,576	40.1	$ 12,536	35.1

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	August 31,	
($ in thousands)	2019	2018
Deferred tax assets:		
Allowance for doubtful accounts	$ 687	$ 947
Accrued expenses	7,791	8,142
Warranty	2,118	1,648
Defined benefit pension plan	1,705	1,528
Inventory	1,445	1,935
Share-based compensation	1,146	925
Vacation	741	797
Net operating loss and capital loss carry forwards	3,648	2,868
Deferred revenue	2,716	536
Other	2,074	665
Gross deferred tax assets	24,071	19,991
Valuation allowance	(3,759)	(3,562)
Net deferred tax assets	$ 20,312	$ 16,429
Deferred tax liabilities:		
Intangible assets	$ (6,163)	$ (6,648)
Property, plant, and equipment	(3,263)	(4,219)
Total deferred tax liabilities	$ (9,426)	$ (10,867)
Net deferred tax assets	$ 10,886	$ 5,562

In assessing the ability to realize deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Because the Company has a recent history of generating cumulative losses in a certain foreign tax jurisdiction, management did not consider projections of future taxable income as persuasive evidence for the recoverability of deferred tax assets in that jurisdiction. The Company has recorded a valuation allowance of $2.4 million as of August 31, 2019 and 2018 related to the net operating loss in the certain foreign tax jurisdiction. The Company has also recorded a valuation allowance of $1.4 million and

$1.2 million as of August 31, 2019 and 2018, respectively, related to capital losses from business divestitures where the Company believes it is more likely than not that the benefit from the capital loss will not be realized.

The Company does not intend to, and has not historically, repatriated earnings of its foreign subsidiaries. Thus, the Company has not provided a deferred income tax liability on these undistributed earnings that are indefinitely reinvested. The Company would recognize a deferred income tax liability if the Company were to determine that such earnings were no longer indefinitely reinvested. During fiscal year 2018, U.S. Tax Reform was enacted, requiring companies to pay a one-time deemed repatriation tax on certain unrepatriated earnings of foreign subsidiaries, and generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries. There are other taxes that may be incurred if the Company would repatriate earnings of its foreign subsidiaries. It is not practicable to estimate the amount of income taxes that would be incurred if the Company would repatriate earnings of its foreign subsidiaries.

The Company recognizes tax benefits only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 percent likely to be realized upon settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards.

A reconciliation of changes in unrecognized tax benefits is as follows:

	August 31,	
($ in thousands)	2019	2018
Unrecognized tax benefits at September 1	$ 1,399	$ 1,498
Increases for positions taken in current year	1,457	117
Increases for positions taken in prior years	78	43
Decreases for positions taken in prior years	(216)	(21)
Reduction resulting from lapse of applicable statute of limitations	(329)	(38)
Decreases for settlements with tax authorities	—	(200)
Unrecognized tax benefits at August 31	$ 2,389	$ 1,399

The net amount of unrecognized tax benefits at both August 31, 2019 and 2018 that, if recognized, would impact the Company's effective tax rate was $0.6 million and $1.1 million respectively. Recognition of these tax benefits would have a favorable impact on the Company's effective tax rate. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. Total accrued liabilities for interest and penalties included in the unrecognized tax benefits liability were $1.1 million and $1.0 million for the years ended August 31, 2019 and 2018, respectively.

While it is expected that the amount of unrecognized tax benefits will change in the next twelve months as a result of the expiration of statutes of limitations, the Company does not expect this change to have a significant impact on its results of operations or financial position.

The Company files income tax returns in the United States and in the United States and various state and foreign jurisdictions. The Company is no longer subject to income tax examination by US federal and most state tax authorities for tax years prior to fiscal 2017. Other major jurisdictions where we conduct business generally have statutes of limitations ranging from three to five years.

Note 8 - Inventories

	August 31,	
($ in thousands)	2019	2018
Raw materials and supplies	$ 49,047	$ 36,316
Work in process	4,514	9,176
Finished goods and purchased parts	46,812	40,197
Total inventory value before LIFO adjustment	100,373	85,689
Less adjustment to LIFO value	(8,086)	(6,456)
Inventories, net	$ 92,287	$ 79,233

Note 9 – Property, Plant, and Equipment

($ in thousands)	August 31, 2019	2018
Operating property, plant, and equipment:		
Land	$ 2,775	$ 2,799
Buildings	41,284	37,220
Machinery and equipment	77,715	75,635
Furniture and fixtures	7,706	6,632
Computer hardware and software	18,956	16,095
Construction in progress	10,953	6,733
Total operating property, plant, and equipment	159,389	145,114
Accumulated depreciation	(102,437)	(98,191)
Total operating property, plant, and equipment, net	56,952	46,923
Property held for lease:		
Machines	8,861	8,214
Barriers	20,445	18,122
Total property held for lease	29,306	26,336
Accumulated depreciation	(17,290)	(16,011)
Total property held for lease, net	12,016	10,325
Property, plant, and equipment, net	$ 68,968	$ 57,248

Depreciation expense was $11.1 million, $12.5 million, and $12.2 million for fiscal 2019, 2018, and 2017, respectively.

Note 10 – Goodwill and Other Intangible Assets

The carrying amount of goodwill by reportable segment for the year ended August 31, 2019 and August 31, 2018 is as follows:

($ in thousands)	Irrigation	Infrastructure	Total
Balance as of August 31, 2017	$ 60,978	$ 16,153	$ 77,131
Divestiture of businesses	(12,294)	—	(12,294)
Foreign currency translation	(93)	(73)	(166)
Balance as of August 31, 2018	48,591	16,080	64,671
Foreign currency translation	(24)	(260)	(284)
Balance as of August 31, 2019	$ 48,567	$ 15,820	$ 64,387

The components of the Company's identifiable intangible assets and their weighted average remaining life at August 31, 2019 and 2018 are included in the table below.

	August 31, 2019			2018		
($ in thousands)	Weighted average years	Gross carrying amount	Accumulated amortization	Weighted average years	Gross carrying amount	Accumulated amortization
Amortizable intangible assets:						
Patents and developed technology	4.0	$ 26,547	$ (21,097)	5.7	$ 26,831	$ (19,656)
Customer relationships	3.6	16,439	(9,779)	5.2	16,459	(8,668)
Non-compete agreements	0.4	1,132	(1,107)	0.8	1,137	(1,048)
Other	—	110	(110)	1.1	110	(85)
Unamortizable intangible assets:						
Tradenames	N/A	12,247	—	N/A	12,297	—
Total	3.8	$ 56,475	$ (32,093)	5.5	$ 56,834	$ (29,457)

Amortization expense for amortizable intangible assets was $2.9 million, $4.0 million, and $4.4 million for fiscal 2019, 2018, and 2017, respectively.

Future estimated amortization of intangible assets for the next five years is as follows:

Fiscal years	$ in thousands
2020	$ 2,527
2021	1,866
2022	1,698
2023	1,595
2024	1,595
Thereafter	2,854
	$ 12,135

The Company updated its impairment evaluation of goodwill and intangible assets with indefinite useful lives at August 31, 2019. No impairment losses were indicated as a result of the annual impairment testing for fiscal 2019, 2018 and 2017.

Note 11 – Other Current Liabilities

	August 31,	
($ in thousands)	2019	2018
Other current liabilities:		
Contract liabilities	$ 14,763	$ 7,306
Employee compensation and benefits	13,960	17,850
Accrued warranty	8,960	7,109
Dealer related liabilities	3,246	2,431
Deferred revenue - lease	2,985	878
Accrued insurance	1,482	2,256
Accrued environmental liability	1,243	1,264
Tax related liabilities	1,469	1,293
Other	4,380	6,548
Total other current liabilities	$ 52,488	$ 46,935

Note 12 – Credit Arrangements

Senior Notes. The Company has outstanding $115.0 million in aggregate principal amount of Senior Notes, Series A (the “Senior Notes”). The entire principal of the Senior Notes is due and payable on February 19, 2030. Interest on the Senior Notes is payable semi-annually at a fixed annual rate of 3.82 percent and borrowings under the Senior Notes are unsecured. On May 31, 2019, the Company and holders of the Senior Notes agreed, among other things, to temporarily increase the Company’s maximum permitted funded debt to EBITDA leverage ratio from 3.0 to 3.5 through the fiscal quarter ending May 31, 2020, provided that, if such ratio exceeds the original maximum permitted ratio during such period, the interest rate on the Senior Notes shall be increased by up to 0.50% depending on the degree to which the Company exceeds such ratio. The Company used the proceeds of the sale of the Senior Notes for general corporate purposes, including acquisitions and dividends.

Revolving Credit Facility. The Company has outstanding a $50.0 million unsecured Amended and Restated Revolving Credit Facility (the “Revolving Credit Facility”) with Wells Fargo Bank, National Association (“Wells Fargo”) expiring May 31, 2022. The Company intends to use borrowings under the Revolving Credit Facility for working capital purposes and to fund acquisitions. At August 31, 2019 and August 31, 2018, the Company had no outstanding borrowings under the Revolving Credit Facility. The amount of borrowings available at any time under the Revolving Credit Facility is reduced by the amount of standby letters of credit issued by Wells Fargo then outstanding. At August 31, 2019, the Company had the ability to borrow up to $50.0 million under the Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest at a variable rate equal to LIBOR plus 90 basis points (2.9 percent at August 31, 2019), subject to adjustment as set forth in the loan documents for the Revolving Credit Facility. Interest is paid on a monthly to quarterly basis depending on loan type. The Company currently pays an annual commitment fee of 0.25 percent on the unused portion of the Revolving Credit Facility.

Borrowings under the Revolving Credit Facility have equal priority with borrowings under the Company’s Senior Notes. Each of the credit arrangements described above include certain covenants relating primarily to the Company’s financial condition. These financial covenants include a funded debt to EBITDA leverage ratio and an interest coverage ratio. In the event that the loan documents for the Revolving Credit Facility were to require the

Company to comply with any financial covenant that is not already included or is more restrictive than what is already included in the arrangement governing the Senior Notes, then such covenant shall be deemed incorporated by reference into the Senior Notes for the benefit of the holders of the Senior Notes. Upon the occurrence of any event of default of these covenants, including a change in control of the Company, all amounts outstanding thereunder may be declared to be immediately due and payable. At August 31, 2019 and August 31, 2018, the Company was in compliance with all financial loan covenants contained in its credit arrangements in place as of each of those dates.

Series 2006A Bonds. Elecsys International Corporation, a wholly owned subsidiary of the Company, has outstanding $1.6 million in principal amount of industrial revenue bonds that were issued in 2006 (the "Series 2006A Bonds"). Principal and interest on the Series 2006A Bonds are payable monthly through maturity on September 1, 2026. The interest rate is adjustable every five years based on the yield of the 5-year United States Treasury Notes, plus 0.45 percent (1.92 percent as of August 31, 2019). This rate was adjusted on September 1, 2016 in accordance with the terms of the bonds, and the adjusted rate will be in force until September 1, 2021. The obligations under the Series 2006A Bonds are secured by a first priority security interest in certain real estate.

Long-term debt consists of the following:

($ in thousands)	August 31, 2019	August 31, 2018
Series A Senior Notes	$ 115,000	$ 115,000
Revolving Credit Facility	—	—
Elecsys Series 2006A Bonds	1,571	1,775
Total debt	116,571	116,775
Less current portion	(209)	(205)
Less debt issuance costs	(516)	(441)
Total long-term debt	$ 115,846	$ 116,129

Principal payments due on the debt are as follows:

Due within	$ in thousands
1 year	$ 209
2 years	213
3 years	217
4 years	221
5 years	226
Thereafter	115,485
	$ 116,571

Note 13 – Financial Derivatives

Fair values of derivative instruments are as follows:

($ in thousands)	Balance sheet location	August 31, 2019	August 31, 2018
Derivatives designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	$ 1,073	$ 775
Total derivatives designated as hedging instruments		$ 1,073	$ 775
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	Other current assets	$ 39	$ 123
Foreign currency forward contracts	Other current liabilities	—	(12)
Total derivatives not designated as hedging instruments		$ 39	$ 111

Accumulated other comprehensive income included realized and unrealized after-tax gains of $7.0 million, $5.0 million, and $3.9 million at August 31, 2019, 2018, and 2017, respectively, related to derivative contracts designated as hedging instruments.

Net Investment Hedging Relationships
The amount of loss recognized in OCI on derivatives is as follows:

	For the years ended August 31,		
($ in thousands)	2019	2018	2017
Foreign currency forward contracts, net of tax expense (benefit) of $564, $498, and ($927)	$ (1,964)	$ (1,103)	$ 1,710

During fiscal 2019, 2018, and 2017, the Company settled Euro foreign currency forward contracts resulting in an after-tax net loss of $0.6 million, 0.5 million and $0.9 million, respectively, which were included in OCI as part of a currency translation adjustment. There were no amounts recorded in the consolidated statement of operations related to ineffectiveness of Euro foreign currency forward contracts for the years ended August 31, 2019, 2018, and 2017.

At August 31, 2019 and 2018, the Company had outstanding Euro foreign currency forward contracts to sell 32.7 million Euro at fixed prices to settle during the next fiscal quarter. At August 31, 2019 and 2018, the Company also had an outstanding foreign currency forward contract to sell 43.0 million South African rand at fixed prices to settle during the next fiscal quarter. The Company's foreign currency forward contracts qualify as hedges of a net investment in foreign operations.

Derivatives Not Designated as Hedging Instruments
In order to reduce exposures related to changes in foreign currency exchange rates, the Company, at times, may enter into forward exchange or option contracts for transactions denominated in a currency other than the functional currency for certain of the Company's operations. This activity primarily relates to economically hedging against foreign currency risk in purchasing inventory, sales of finished goods, and future settlement of foreign denominated assets and liabilities. The Company may choose whether or not to designate these contracts as hedges. For those contracts not designated, changes in fair value are recognized currently in the income statement. At August 31, 2019 and 2018, the Company had $1.8 million and 5.0 million, respectively, of U.S. dollar equivalent of foreign currency forward contracts outstanding.

Note 14 – Fair Value Measurements

The following table presents the Company's financial assets and liabilities measured at fair value, based upon the level within the fair value hierarchy in which the fair value measurements fall, as of August 31, 2019 and 2018, respectively:

	August 31, 2019			
($ in thousands)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 127,204	$ —	$ —	$ 127,204
Derivative assets	—	1,112	—	1,112
Derivative liabilities	—	—	—	—

	August 31, 2018			
($ in thousands)	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 160,787	$ —	$ —	$ 160,787
Derivative assets	—	898	—	898
Derivative liabilities	—	(12)	—	(12)

The carrying value of long-term debt (including current portion) was $116.6 million and $116.8 million at August 31, 2019 and 2018, respectively. The fair value of this debt was estimated to be $120.8 million and $107.3 million as of August 31, 2019 and 2018, based on current market rates as of the respective year-ends.

Note 15 – Commitments and Contingencies

In the ordinary course of its business operations, the Company enters into arrangements that obligate it to make future payments under contracts such as lease agreements. Additionally, the Company is involved, from time to time, in commercial litigation, employment disputes, administrative proceedings, business disputes and other legal proceedings. The Company has established accruals for certain proceedings based on an assessment of probability of loss. The Company believes that any such currently-pending proceedings are either covered by insurance or would not have a material effect on the business or its consolidated financial statements if decided in a manner that is unfavorable to the Company. Such proceedings are exclusive of environmental remediation matters which are discussed separately below.

Infrastructure Products Litigation

The Company is currently defending a number of product liability lawsuits arising out of vehicle collisions with highway barriers incorporating the Company's *X-Lite*® end terminal. Despite the September 2018 reversal of a sizable judgment against a competitor, the Company expects that the significant attention brought to the infrastructure products industry by the original judgment may lead to additional lawsuits being filed against the Company and others in the industry. The Company believes it has meritorious factual and legal defenses to each of these lawsuits and is prepared to vigorously defend its interests. Based on the information currently available to the Company, the Company does not believe that a loss is probable in any of these lawsuits; therefore, no accrual has been included in the Company's condensed consolidated financial statements. While it is possible that a loss may be incurred, the Company is unable to estimate a range of potential loss due to the complexity and current status of these lawsuits. However, the Company maintains insurance coverage to mitigate the impact of adverse exposures in these lawsuits and does not expect that these lawsuits will have a material adverse effect on its business or its consolidated financial statements.

In June 2019, the Company was informed by letter that the Department of Justice, Civil Division and U.S. Attorney's Office for the Northern District of New York, with the assistance of the Department of Transportation, Office of Inspector General, are conducting an investigation of the Company relating to the Company's X-Lite end terminal and potential violations of the federal civil False Claims Act. Depending on the outcome of this matter, there could be a material adverse effect on the Company's business or its consolidated financial statements. Given the current posture of the matter, the Company is unable to estimate a range of potential loss, if any, or to express an opinion regarding the ultimate outcome.

Environmental Remediation

In previous years, the Company committed to a plan to remediate environmental contamination of the groundwater at and adjacent to its Lindsay, Nebraska facility (the "site"). The current estimated aggregate accrued cost of $15.9 million is based on consideration of several remediation options that would use different technologies, each of which the Company believes could be successful in meeting the long-term regulatory requirements of the site. The Company participated in a preliminary meeting with the EPA and the Nebraska Department of Environmental Quality (the "NDEQ") during the third quarter of fiscal 2016 to review remediation alternatives and proposed plans for the site and submitted its remedial alternatives evaluation report to the EPA in August 2016. The proposed remediation plan is preliminary and has not been approved by the EPA or the NDEQ. Based on guidance from third-party environmental experts and the preliminary discussions with the EPA, the Company anticipates that a definitive plan will not be agreed upon until fiscal 2020 or later.

The Company accrues the anticipated cost of investigation and remediation when the obligation is probable and can be reasonably estimated. While the Company believes the current accrual is a good faith estimate of the long-term cost of remediation at this site based on preliminary analysis available at this time, the estimate of costs and their timing could change as a result of a number of factors, including (1) EPA and NDEQ input on the proposed remediation plan and any changes which they may subsequently require, (2) refinement of cost estimates and length of time required to complete remediation and post-remediation operations and maintenance, (3) effectiveness of the technology chosen in remediation of the site as well as changes in technology that may be available in the future, and (4) unforeseen circumstances existing at the site. As a result of these factors, the actual amount of costs incurred by the Company in connection with the remediation of contamination of its Lindsay, Nebraska site could exceed the amounts accrued for this expense at this time. While any revisions could be material to the operating results of any fiscal quarter or fiscal year, the Company does not expect such additional expenses would have a material adverse effect on its liquidity or financial condition.

The following table summarizes the undiscounted environmental remediation liability classifications included in the balance sheet as of August 31, 2019 and 2018:

($ in thousands) Balance sheet location	August 31, 2019	 2018
Other current liabilities	$ 1,243	$ 1,264
Other noncurrent liabilities	14,674	15,319
Total environmental remediation liabilities	$ 15,917	$ 16,583

Leases

The Company leases land, buildings, machinery, equipment, and computer equipment under various non-cancelable operating lease agreements. At August 31, 2019, future minimum lease payments under non-cancelable operating leases were as follows:

Fiscal years	$ in thousands
2020	$ 6,065
2021	5,266
2022	4,771
2023	3,414
2024	3,107
Thereafter	20,119
	$ 42,742

Lease expense was $5.4 million, $5.0 million, and $5.1 million for fiscal 2019, 2018, and 2017, respectively.

Note 16 – Retirement Plans

The Company has defined contribution profit-sharing plans covering substantially all of its full-time U.S. employees. Participants may voluntarily contribute a percentage of compensation, but not in excess of the maximum allowed under the Internal Revenue Code. The plans provide for a matching contribution by the Company. The Company's total contributions charged to expense under the plans were $1.2 million, $1.7 million, and $1.7 million for the years ended August 31, 2019, 2018, and 2017, respectively.

A supplementary non-qualified, non-funded retirement plan for five former executives is also maintained. Plan benefits are based on the executive's average total compensation during the three highest compensation years of employment. This unfunded supplemental retirement plan is not subject to the minimum funding requirements of ERISA. While the plan is unfunded, the Company has purchased life insurance policies on certain former executives named in this supplemental retirement plan to provide funding for this liability. The cash surrender values of these insurance policies are recorded as other noncurrent assets.

As of August 31, 2019 and 2018, the funded status of the supplemental retirement plan was recorded in the consolidated balance sheets. The Company utilizes an August 31 measurement date for plan obligations related to the supplemental retirement plan. As this is an unfunded retirement plan, the funded status is equal to the benefit obligation.

The funded status of the plan and the net amount recognized in the accompanying balance sheets as of August 31 is as follows:

($ in thousands)	August 31, 2019	 2018
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 6,404	$ 6,825
Interest cost	246	243
Actuarial (gain) loss	439	(134)
Benefits paid	(530)	(530)
Benefit obligation at end of year	$ 6,559	$ 6,404

Amounts recognized in the statement of financial position consist of:

($ in thousands)	August 31, 2019	2018
Other current liabilities	$ 530	$ 530
Pension benefit liabilities	6,029	5,874
Net amount recognized	$ 6,559	$ 6,404

The before-tax amounts recognized in accumulated other comprehensive loss consists of:

($ in thousands)	August 31, 2019	2018
Net actuarial loss	$ (3,801)	$ (3,561)

For the years ended August 31, 2019 and 2018, the Company assumed a discount rate of 3.3 percent and 4.0 percent, respectively, for the determination of the liability. The assumptions used to determine benefit obligations and costs are selected based on current and expected market conditions. The discount rate is based on a hypothetical portfolio of long-term corporate bonds with cash flows approximating the timing of expected benefit payments.

For the years ended August 31, 2019, 2018, and 2017, the Company assumed a discount rate of 4.00 percent, 3.70 percent, and 3.30 percent, respectively, for the determination of the net periodic benefit cost. The components of the net periodic benefit cost for the supplemental retirement plan are as follows:

($ in thousands)	For the years ended August 31, 2019	2018	2017
Interest cost	$ 246	$ 243	$ 236
Net amortization and deferral	199	206	241
Total	$ 445	$ 449	$ 477

The estimated actuarial loss for the supplemental retirement plan that will be amortized, on a pre-tax basis, from accumulated other comprehensive loss into net periodic benefit cost during fiscal 2020 will be $0.2 million.

The Company's future annual contributions to the supplemental retirement plan will be equal to expected net benefit payments since the plan is unfunded. The following net benefit payments are expected to be paid:

Fiscal years	$ in thousands
2020	$ 519
2021	512
2022	503
2023	494
2024	485
Thereafter	4,046
	$ 6,559

Note 17 - Warranties

Product Warranties

The Company generally warrants its products against certain manufacturing and other defects. These product warranties are provided for specific periods and/or usage of the product. The accrued product warranty costs are for a combination of specifically identified items and other incurred, but not identified, items based primarily on historical experience of actual warranty claims. This reserve is classified within other current liabilities.

The following tables provide the changes in the Company's product warranties:

($ in thousands)	For the years ended August 31, 2019	2018
Product warranty accrual balance, beginning of period	$ 7,109	$ 8,411
Liabilities accrued for warranties during the period	7,263	5,228
Warranty claims paid during the period	(5,769)	(5,848)
Changes in estimates	357	141
Transfers to liabilities held-for-sale and divested businesses	—	(823)
Product warranty accrual balance, end of period	$ 8,960	$ 7,109

Warranty costs were $7.6 million, $5.4 million, and $7.3 million for fiscal 2019, 2018, and 2017, respectively.

Note 18 – Industry Segment Information

The Company manages its business activities in two reportable segments: Irrigation and Infrastructure. The accounting policies of the two reportable segments are the same as those described in Note 1, Description of Business and Significant Accounting Policies. The Company evaluates the performance of its reportable segments based on segment sales, gross profit, and operating income, with operating income for segment purposes excluding unallocated corporate general and administrative expenses, interest income, interest expense, other income and expenses, and income taxes. Operating income for segment purposes does include general and administrative expenses, selling expenses, engineering and research expenses and other overhead charges directly attributable to the segment. There are no inter-segment sales included in the amounts disclosed.

Irrigation
This reporting segment includes the manufacture and marketing of center pivot, lateral move, and hose reel irrigation systems, as well as various innovative technology solutions such as GPS positioning and guidance, variable rate irrigation, wireless irrigation management, M2M communication technology, and smartphone applications. The irrigation reporting segment consists of one operating segment.

Infrastructure
This reporting segment includes the manufacture and marketing of moveable barriers, specialty barriers, crash cushions and end terminals, and road marking and road safety equipment; the manufacturing and selling of large diameter steel tubing and railroad signals and structures; and providing outsourced manufacturing and production services. The infrastructure reporting segment consists of one operating segment.

The Company has no single major customer representing ten percent or more of its total revenues during fiscal 2019, 2018, or 2017.

Summarized financial information concerning the Company's reportable segments is shown in the following tables:

($ in thousands)	2019	2018	2017
Operating revenues:			
Irrigation:			
North America	$ 218,627	$ 294,617	$ 340,660
International	132,871	145,241	77,381
Irrigation total	351,498	439,858	418,041
Infrastructure	92,574	107,847	99,944
Total operating revenues	$ 444,072	$ 547,705	$ 517,985
Operating income:			
Irrigation	$ 29,804	$ 41,933	$ 42,774
Infrastructure	16,599	23,857	20,131
Corporate	(40,288)	(26,778)	(22,256)
Total operating income	6,115	39,012	40,649
Interest and other expense, net	(4,008)	(5,159)	(4,934)
Earnings before income taxes	$ 2,107	$ 33,853	$ 35,715
Total capital expenditures:			
Irrigation	$ 9,473	$ 9,259	$ 6,313
Infrastructure	4,928	938	1,562
Corporate	8,810	857	988
	$ 23,211	$ 11,054	$ 8,863
Depreciation and amortization:			
Irrigation	$ 9,500	$ 11,412	$ 11,840
Infrastructure	3,663	4,611	4,452
Corporate	855	491	386
	$ 14,018	$ 16,514	$ 16,678
Total assets:			
Irrigation	$ 292,202	$ 277,712	$ 337,446
Infrastructure	85,848	69,919	80,187
Corporate	122,264	152,184	88,399
	$ 500,314	$ 499,815	$ 506,032

Summarized financial information concerning the Company's geographical areas is shown in the following tables.

($ in thousands)	For the years ended August 31, 2019		2018		2017	
	Revenues	% of total	Revenues	% of total	Revenues	% of total
United States	$ 257,719	58	$ 321,698	59	$ 297,261	57
International	186,353	42	226,007	41	220,724	43
Total revenues	$ 444,072	100	$ 547,705	100	$ 517,985	100

($ in thousands)	For the years ended August 31, 2019		2018		2017	
	Long-lived tangible assets	% of total	Long-lived tangible assets	% of total	Long-lived tangible assets	% of total
United States	$ 52,187	76	$ 39,290	69	$ 54,199	73
International	16,781	24	17,958	31	20,299	27
Total long-lived assets	$ 68,968	100	$ 57,248	100	$ 74,498	100

Note 19 – Share-Based Compensation

Share-Based Compensation Program

Share-based compensation is designed to reward employees for their long-term contributions to the Company and provide incentives for them to remain with the Company. The number and frequency of share grants are based on competitive practices, operating results of the Company, and individual performance. As of August 31, 2019, the Company's share-based compensation plan was the 2015 Long-Term Incentive Plan (the "2015 Plan"). The 2015 Plan was approved by the shareholders of the Company, and became effective on January 26, 2015, and replaced the Company's 2010 Long Term Incentive Plan. At August 31, 2019, the Company had share-based awards outstanding under its 2010 and 2015 Long-Term Incentive Plans.

The 2015 Plan provides for awards of stock options, restricted shares, restricted stock units, stock appreciation rights, performance shares and performance stock units to employees and non-employee directors of the Company. The maximum number of shares as to which stock awards may be granted under the 2015 Plan is 626,968 shares, exclusive of any forfeitures from the 2010 Long Term Incentive Plan. At August 31, 2019, 393,145 shares of common stock (including forfeitures from prior plans) remained available for issuance under the 2015 Plan. All stock awards will be counted against the 2015 Plan in a 1 to 1 ratio. If options, restricted stock units or performance stock units awarded under the 2010 Plan terminate without being fully vested or exercised, those shares will be available again for grant under the 2015 Plan. The 2015 Plan also limits the total awards that may be made to any individual.

Share-Based Compensation Information

The following table summarizes share-based compensation expense for fiscal 2019, 2018, and 2017:

	For the years ended August 31,		
($ in thousands)	**2019**	**2018**	**2017**
Share-based compensation expense included in cost of operating revenues	$ 105	$ 113	$ 231
Research and development	221	150	162
Sales and marketing	250	461	397
General and administrative	3,819	3,169	2,807
Share-based compensation expense included in operating expenses	4,290	3,780	3,366
Total share-based compensation expense	4,395	3,893	3,597
Tax benefit	(1,033)	(1,090)	(1,338)
Share-based compensation expense, net of tax	$ 3,362	$ 2,803	$ 2,259

As of August 31, 2019, there was $6.3 million pre-tax of total unrecognized compensation cost related to non-vested share-based compensation arrangements which is expected to be recognized over a weighted average period of 1.8 years.

Stock Options – Stock option awards have an exercise price equal to the closing price on the date of grant, expire no later than ten years from the date of grant and vest over a four year period at 25 percent per year. The fair value of stock option awards is estimated using the Black-Scholes option pricing model. The table below shows the annual weighted average assumptions used for valuation purposes.

	Grant year	
	Fiscal 2019	**Fiscal 2018**
Risk-free interest rate	3.1%	2.2%
Dividend yield	1.4%	1.3%
Expected life (years)	6	7
Volatility	26.3%	33.9%
Weighted average grant-date fair value of options granted	$ 24.71	$ 30.72

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant; the dividend yield is calculated as the ratio of dividends paid per share of common stock to the stock price on the date of grant; the expected life is based on historical and expected exercise behavior; and volatility is based on the historical volatility of the Company's stock price over the expected life of the option.

The following table summarizes stock option activity for fiscal 2019:

	Number of stock options	Average exercise price	Average remaining contractual term (years)	Aggregate intrinsic value (thousands)
Stock options outstanding at August 31, 2018	76,803	$ 82.06	7.7	$ 1,053
Granted	38,337	91.82		
Exercised	(2,579)	68.48		93
Stock options outstanding at August 31, 2019	112,561	$ 85.70	7.6	$ 540
Stock options exercisable at August 31, 2019	38,386	$ 77.90	5.8	$ 427

There were 15,496, 27,811, and 25,285 outstanding stock options that vested during fiscal 2019, 2018, and 2017, respectively. Additional information regarding stock option exercises is summarized in the table below.

	For the years ended August 31,		
($ in thousands)	2019	2018	2017
Intrinsic value of stock options exercised	$ 93	$ 538	$ 681
Cash received from stock option exercises	$ 177	$ 2,788	$ 3,020
Tax benefit realized from stock option exercises	$ 26	$ 151	$ 254
Weighted average grant-date fair value of stock options vested	$ 32.66	$ 31.37	$ 35.79

Restricted stock units - The restricted stock units have a grant-date fair value equal to the fair market value of the underlying stock on the grant date less present value of expected dividends. The restricted stock units granted to employees vest over a three year period at approximately 33 percent per year. The restricted stock units granted to non-employee directors generally vest over a nine month period.

The following table summarizes restricted stock unit activity for fiscal 2019:

	Number of restricted stock units	Weighted average grant-date fair value
Restricted stock units outstanding at August 31, 2018	90,609	$ 84.38
Granted	36,693	89.76
Vested	(40,655)	83.68
Forfeited / Cancelled	(7,305)	89.54
Restricted stock units outstanding at August 31, 2019	79,342	$ 87.49

Restricted stock units are generally settled with the issuance of shares with the exception of certain restricted stock units awarded to internationally-based employees that are settled in cash. At August 31, 2019, 2018, and 2017, outstanding restricted stock units included 4,103, 6,474, and 6,709 units, respectively, that will be settled in cash. The fair value of restricted stock units that vested during the period was $4.1 million and $3.2 million for each of the years ended August 31, 2019 and 2018, respectively.

Performance stock units - The performance stock units have a grant-date fair value equal to the fair market value of the underlying stock on the grant date less present value of expected dividends. The performance stock units granted to employees cliff vest after a three year period and a specified number of shares of common stock will be awarded under the terms of the performance stock units, if performance measures relating to revenue growth and a return on net assets are achieved.

The table below summarizes performance stock unit activity for fiscal 2019:

	Number of performance stock units	Weighted average grant-date fair value
Performance stock units outstanding at August 31, 2018	19,952	$ 80.99
Granted	20,631	98.03
Forfeited / cancelled	(3,154)	64.37
Performance stock units outstanding at August 31, 2019	37,429	$ 85.10

Performance stock units outstanding as of August 31, 2019 and issued prior to fiscal 2019 include performance goals based upon revenue growth and a return on net assets during the performance period. The awards actually earned will range from zero to two hundred percent of the targeted number of performance stock units and will be paid in shares of common stock. Shares earned will be distributed upon vesting on the first day of November following the end of the three-year performance period. The Company is accruing compensation expense based on the estimated number of shares expected to be issued utilizing the most current information available to the Company at the date of the financial statements. If defined performance goals are not met, no compensation cost will be recognized and any previously recognized compensation expense will be reversed. In fiscal 2019, 2018, and 2017, no performance stock units vested.

Performance stock units outstanding as of August 31, 2019 and issued during fiscal 2019 include performance goals based on a return on net assets and total shareholder return (TSR) relative to the Company's peers during the performance period. The awards actually earned will range from zero to two hundred percent of the targeted number of performance stock units and will be paid in shares of common stock. Shares earned will be distributed upon vesting on the first day of November following the end of the three-year performance period. For the return on net assets portion of the award, the Company is accruing compensation expense based on the estimated number of shares expected to be issued utilizing the most current information available to the Company at the date of the financial statements. For the TSR portion of the award, compensation expense is recorded ratably over the three year term of the award based on the estimated grant date fair value.

The fair value of the TSR portion of the awards granted in fiscal 2019 was estimated at the grant date using a Monte Carlo simulation model which included the following assumptions:

Expected term (years)	3
Risk-free interest rate	2.9%
Volatility	27.3%
Dividend yield	1.4%

Note 20 – Share Repurchases

The Company's Board of Directors authorized a share repurchase program of up to $250.0 million of common stock with no expiration date. Under the program, shares may be repurchased in privately negotiated and/or open market transactions as well as under formalized trading plans in accordance with the guidelines specified under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. There were no shares repurchased during the twelve months ended August 31, 2019. The remaining amount available under the repurchase program was $63.7 million as of August 31, 2019.

Note 21 – Quarterly Results of Operations (Unaudited)

($ in thousands, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Year ended August 31, 2019				
Operating revenues	$ 111,951	$ 109,182	$ 121,054	$ 101,885
Cost of operating revenues	$ 83,303	$ 84,708	$ 91,055	$ 70,398
Earnings (loss) before income taxes	$ 1,681	$ (5,068)	$ 3,229	$ 2,265
Net earnings (loss)	$ 1,212	$ (3,440)	$ 2,897	$ 1,503
Diluted net earnings (loss) per share	$ 0.11	$ (0.32)	$ 0.27	$ 0.14
Year ended August 31, 2018				
Operating revenues	$ 124,526	$ 130,339	$ 169,571	$ 123,269
Cost of operating revenues	$ 92,129	$ 95,023	$ 118,093	$ 90,998
Earnings before income taxes	$ 4,792	$ 5,676	$ 17,445	$ 5,940
Net earnings	$ 3,185	$ 1,735	$ 10,379	$ 4,978
Diluted net earnings per share	$ 0.30	$ 0.16	$ 0.96	$ 0.46

ITEM 9 — *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure*

Not applicable.

ITEM 9A — *Controls and Procedures*

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Act of 1934, as amended. The Company's disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports that are filed or submitted under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission and to ensure the information required to be disclosed is accumulated and communicated to management, including principal executives and financial officers, as appropriate to allow timely decisions regarding required disclosures. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective as of the end of the period covered by this report due to the material weakness in internal control over financial reporting, as described below.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended. The Company's management, with the participation of the Chief Executive Officer and Chief Financial Officer, under the oversight of the Company's Board of Directors, evaluated the effectiveness of the Company's internal control over financial reporting using the framework in "Internal Control – Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP.

In connection with management's assessment of internal control over financial reporting as of August 31, 2019, the Company identified a material weakness related to ineffective internal control over indirect tax credits in a foreign jurisdiction. The Company's control was not designed effectively to include evaluation of the recoverability of the credits due to ineffective risk assessment that did not identify the risk related to valuation of the tax credits. This deficiency resulted in a material misstatement in the current period that was corrected before the Company issued the consolidated financial statements included in this Annual Report on Form 10-K.

Because of the material weakness described above, management concluded that, as of August 31, 2019, the Company's internal control over financial reporting was not effective.

KPMG LLP, the Company's independent registered public accounting firm, who audited the consolidated financial statements included in this Annual Report on Form 10-K, has issued an adverse report on the operating effectiveness of the Company's internal control over financial reporting as of August 31, 2019. The report of KPMG LLP appears on page 62 of this Annual Report on Form 10-K.

Remediation Plan

The Company and its Board of Directors are committed to maintaining a strong control environment. Management, with the oversight of the Audit Committee, has begun implementing a remediation plan to address the material weakness, which is expected to include enhancing the Company's risk assessment process and designing internal controls that sufficiently address the valuation of the affected tax credits. The Company plans to have new controls implemented to address the material weakness within the first quarter of fiscal 2020 and expects that the remediation of the material weakness will be completed during fiscal 2020. Accordingly, the material weakness remains unremediated as of August 31, 2019.

Changes in Internal Control over Financial Reporting

Other than the material weakness discussed above, there were no changes in the Company's internal controls over financial reporting that occurred during the quarter ended August 31, 2019 that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Lindsay Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Lindsay Corporation and subsidiaries' (the Company) internal control over financial reporting as of August 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weakness, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of August 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of August 31, 2019 and 2018, the related consolidated statements of earnings, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended August 31, 2019, and the related notes and financial statement schedule (collectively, the consolidated financial statements), and our report dated October 30, 2019 expressed an unqualified opinion on those consolidated financial statements.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective internal control over indirect tax credits in a foreign jurisdiction has been identified and included management's assessment. The Company's control was not designed effectively to include evaluation of the recoverability of the credits due to ineffective risk assessment that did not identify the risk related to valuation of the tax credits. The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2019 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Omaha, Nebraska
October 30, 2019

ITEM 9B — *Other Information*

None.

PART III

ITEM 10 — *Directors, Executive Officers and Corporate Governance*

The Company will file with the Securities and Exchange Commission a definitive Proxy Statement for its 2019 Annual Meeting of Stockholders (the "Proxy Statement") not later than 120 days after the close of its fiscal year ended August 31, 2019. Information about the Board of Directors required by Items 401 and 407 of Regulation S-K is incorporated by reference to the discussion responsive thereto under the captions "Board of Directors and Committees" and "Corporate Governance" in the Proxy Statement.

Please see the information concerning our executive officers contained in Item 1 of Part I herein, under the caption "Executive Officers" as required by Item 401(b) of Regulation S-K.

Code of Ethics – Item 406 of Regulation S-K calls for disclosure of whether the Company has adopted a code of ethics applicable to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. The Company has adopted a code of ethics applicable to the Company's principal executive officer and senior financial officers known as the Code of Ethical Conduct (Principal Executive Officer and Senior Financial Officers). The Code of Ethical Conduct (Principal Executive Officer and Senior Financial Officers) is available on the Company's website. In the event that the Company amends or waives any of the provisions of the Code of Ethical Conduct applicable to the principal executive officer and senior financial officers, the Company intends to disclose the same on the Company's website at www.lindsay.com. No waivers were provided for the fiscal year ended August 31, 2019.

ITEM 11 — *Executive Compensation*

The information required by this Item is incorporated by reference to the discussion responsive thereto under the captions "Executive Compensation," "Compensation Discussion and Analysis," "Pension Benefits," "Nonqualified Deferred Compensation," "Report of the Compensation Committee on Executive Compensation," "Compensation of Directors," and "Compensation Committee Interlocks and Insider Participation" in the Proxy Statement.

ITEM 12 — *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required by this Item relating to security ownership of certain beneficial owners and management is incorporated by reference to the discussion responsive thereto under the caption "Voting Securities and Beneficial Ownership Thereof by Principal Stockholders, Directors and Officers" in the Proxy Statement.

Equity Compensation Plan Information - The following equity compensation plan information summarizes plans and securities approved by security holders as of August 31, 2019 (there were no equity compensation plans not approved by security holders as of August 31, 2019):

	(a)	(b)	(c)
Plan category	**Number of securities to be issued upon exercise of outstanding options, warrants, and rights**	**Weighted-average exercise price of outstanding options, warrants, and rights**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))**
Equity compensation plans approved by security holders (1) (2)	225,229	$ 85.70	393,145
Total	225,229	$ 85.70	393,145

(1) Plans approved by stockholders include the Company's 2010 and 2015 Long-Term Incentive Plans. While certain share-based awards remain outstanding under the Company's 2010 Long-Term Incentive Plan, no future equity compensation awards may be granted under such plan.

(2) Column (a) includes (i) 37,429 shares that could be issued under performance stock units ("PSU") outstanding at August 31, 2019, and (ii) 75,239 shares that could be issued under restricted stock units ("RSU") outstanding at August 31, 2019. The PSUs are earned and Common Stock issued if certain predetermined performance criteria are met. Actual shares issued may be equal to, less than or greater than (but not more than 200 percent of) the number of outstanding PSUs included in column (a), depending on actual performance. The RSUs vest and are payable in Common Stock after the expiration of the time periods set forth in the related agreements. Column (b) does not take these PSU and RSU awards into account because they do not have an exercise price.

ITEM 13 — *Certain Relationships and Related Transactions, and Director Independence*

The information required by this Item is incorporated by reference to the discussion responsive thereto under the captions "Corporate Governance" and "Corporate Governance – *Related Party Transactions*" in the Proxy Statement.

ITEM 14 — *Principal Accounting Fees and Services*

The information required by this Item is incorporated by reference to the discussion responsive thereto under the caption "Ratification of Appointment of Independent Registered Public Accounting Firm" in the Proxy Statement.

PART IV

ITEM 15 — *Exhibits, Financial Statement Schedules*

(a)(1) Financial Statements.

The following financial statements of Lindsay Corporation and Subsidiaries are included in Part II Item 8.

Financial statements and schedules other than those listed are omitted for the reason that they are not required, are not applicable or that equivalent information has been included in the financial statements or notes thereto.

(a)(2) Financial Statement Schedules.

Lindsay Corporation and Subsidiaries
VALUATION AND QUALIFYING ACCOUNTS
Years ended August 31, 2019, 2018, and 2017

(in thousands)	Balance at beginning of period	Additions: Charges to costs and expenses	Additions: Charged to other accounts	Deductions	Balance at end of period
Year ended August 31, 2019:					
Deducted in the balance sheet from the					
assets to which they apply:					
Allowance for doubtful accounts (1)	$ 3,585	—	—	950	$ 2,635
Deferred tax asset valuation allowance (2)	3,562	197	—	—	3,759
Year ended August 31, 2018:					
Deducted in the balance sheet from the					
Valuation					
Allowance for doubtful accounts (1)	$ 7,447	744	—	4,606	$ 3,585
Deferred tax asset valuation allowance (2)	2,804	758	—	—	3,562
Year ended August 31, 2017:					
Deducted in the balance sheet from the					
assets to which they apply:					
Allowance for doubtful accounts (1)	$ 8,312	483	—	1,348	$ 7,447
Deferred tax asset valuation allowance (2)	2,825	—	—	21	2,804

(1) Deductions consist of uncollectible items reserved, less recoveries of items previously reserved.
(2) Additions and deductions consist of changes to deferred tax assets not expected to be realized.

(a)(3) Exhibits. The list of the Exhibits in the Exhibit Index is incorporated into this item by reference.

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated November 4, 2014, by and between Lindsay Corporation, Matterhorn Merger Sub, Inc. and Elecsys Corporation, incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on November 4, 2014.
3.1	Restated Certificate of Incorporation of the Company, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 14, 2006.
3.2	Amended and Restated By-Laws of the Company, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 19, 2018.
4.1	Specimen Form of Common Stock Certificate incorporated by reference to Exhibit 4(a) to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2006.
4.2*	Description of the Registrant's Securities.
10.1	Lindsay Corporation 2015 Long-Term Incentive Plan and forms of award agreements, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2015.†
10.2	Lindsay Corporation 2010 Long-Term Incentive Plan and forms of award agreements, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2011.†
10.3	Lindsay Corporation Management Incentive Umbrella Plan, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended February 28, 2014.†
10.4**	Lindsay Corporation Management Incentive Plan (MIP), 2019 Plan Year, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2018.†
10.5	Form of Indemnification Agreement between the Company and its Officers and Directors, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 19, 2018.†
10.6	Amended and Restated Revolving Credit Agreement, dated February 18, 2015, by and between the Company and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on February 20, 2015.
10.7	First Amendment to Amended and Restated Revolving Credit Agreement, dated February 28, 2017, by and between the Company and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on March 1, 2017.
10.8	Second Amendment to Amended and Restated Revolving Credit Agreement, dated May 31, 2019, by and between the Company and Wells Fargo Bank, National Association, incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on June 5, 2019.
10.9	Note Purchase Agreement, dated as of February 19, 2015, by and among the Company and the purchasers named therein, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 20, 2015.
10.10	First Amendment to Note Purchase Agreement, dated May 31, 2019, by and among the Company and the noteholders named therein, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on June 5, 2019.
10.11	Lindsay Corporation Policy on Payment of Directors Fees and Expenses, incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended November 30, 2018.
10.12	Employment Agreement, dated May 9, 2016, between the Company and Randy A. Wood, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2016.†
10.13	Employment Agreement, dated April 5, 2016, between the Company and Brian L. Ketcham, incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed on April 5, 2016.†
10.14	Employment Agreement, dated July 17, 2017, between the Company and Timothy Hassinger, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on July 21, 2017.†
10.15	Employment Agreement, dated May 25, 2018, between the Company and J. Scott Marion, incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended May 31, 2018.†
21*	Subsidiaries of the Company

Exhibit Number	Description
23*	Consent of KPMG LLP
24*	The Power of Attorney authorizing Timothy Hassinger to sign the Annual Report on Form 10-K for fiscal 2019 on behalf of non-management directors.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.
32*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 18 U.S.C. Section 1350.
101*	Interactive Data Files.

† Management contract or compensatory plan or arrangement required to be filed as an exhibit hereto pursuant to Item 15(b) of Form 10-K.
* Filed herein.
** Certain confidential portions of this Exhibit were omitted by means of redacting a portion of the text. This Exhibit has been filed separately with the Secretary of the Commission with the redacted text pursuant to the Company's application requesting confidential treatment under Rule 24b-2 of the Securities Exchange Act of 1934.

ITEM 16 — *Form 10-K Summary*

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 30th day of October, 2019.

LINDSAY CORPORATION

By: /s/ BRIAN L. KETCHAM
Name: Brian L. Ketcham
Title: *Senior Vice President and Chief Financial Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 30th day of October, 2019.

/s/ TIMOTHY L. HASSINGER Timothy L. Hassinger	Director, President and Chief Executive Officer *(Principal Executive Officer)*
/s/ BRIAN L. KETCHAM Brian L. Ketcham	Senior Vice President and Chief Financial Officer *(Principal Financial Officer and Principal Accounting Officer)*
/s/ MICHAEL C. NAHL (1) Michael C. Nahl	Chairman of the Board of Directors
/s/ ROBERT E. BRUNNER (1) Robert E. Brunner	Director
/s/ MICHAEL N CHRISTODOLOU (1) Michael N. Christodolou	Director
/s/ MARY A. LINDSEY (1) Mary A. Lindsey	Director
/s/ CONSUELO E. MADERE (1) Consuelo E. Madere	Director
/s/ DAVID B. RAYBURN (1) David B. Rayburn	Director
/s/ MICHAEL D. WALTER (1) Michael D. Walter	Director

(1) By: /s/ TIMOTHY L. HASSINGER
Timothy L. Hassinger, *Attorney-In-Fact*

CORPORATE INFORMATION

DIRECTORS

Michael C. Nahl
Director since 2003
Chairman of the Board since 2015
Retired Executive Vice President
and Chief Financial Officer,
Albany International Corp.
Director: Trans World Entertainment Corporation

Robert E. Brunner
Director since 2013
Retired Executive Vice President,
Illinois Tool Works, Inc.
Director: Leggett & Platt, Inc. and NN, Inc.

Michael N. Christodolou
Director since 1999
Founder and Manager, Inwood Capital
Management, LLC

Mary A. Lindsey
Director since 2018
Senior Vice President and Chief Financial Officer
Emeritus, Commercial Metals Company

Consuelo E. Madere
Director since 2018
President of Proven Leader Advisory, LLC
Director: Nutrien and S&W Seed Company

David B. Rayburn
Director since 2014
Retired President, Chief Executive Officer,
Modine Manufacturing Company
Director: Twin Disc, Inc.

Michael D. Walter
Director since 2009
President of Mike Walter & Associates
Director: Richardson International

OFFICERS

Timothy L. Hassinger
Director since 2017
President and Chief Executive Officer
Joined Lindsay in 2017

Eric R. Arneson
Senior Vice President, General Counsel and
Secretary
Joined Lindsay in 2008

Brian L. Ketcham
Senior Vice President and Chief Financial Officer
Joined Lindsay in 2016

J. Scott Marion
President – Infrastructure
Joined Lindsay in 2011

Gustavo E. Oberto
President – Elecsys
Joined Lindsay in 2019

P. David Salen
Senior Vice President, Global Operations
Joined Lindsay in 2019

Kelly M. Staup
Senior Vice President – Human Resources
Joined Lindsay in 2011

Eric J. Talmadge
Senior Vice President and
Chief Information Officer
Joined Lindsay in 2012

Randy A. Wood
President – Irrigation
Joined Lindsay in 2008

Lori L. Zarkowski
Corporate Controller and
Chief Accounting Officer
Joined Lindsay in 2007

Annual Meeting
All shareholders are invited to attend our annual meeting, which will be held on January 7, 2020, at 2:30 pm CST. All shareholders are invited to attend the annual meeting online and submit your questions during the meeting by visiting **www.virtualshareholdermeeting.com/LNN2020.** Any shareholder who will be unable to attend is encouraged to send questions and comments to Eric Arneson, Secretary at Lindsay Corporate Office.

Quarterly Calendar
The Company operates on a fiscal year ending August 31. Fiscal 2019 quarter-end dates are November 30, 2018, February 28, 2019, May 31, 2019 and August 31, 2019. Quarterly earnings are announced approximately four weeks after the end of each quarter and audited results are announced approximately seven weeks after year end. Quarterly earnings releases are posted to Lindsay's Web site at www.lindsay.com.

Transfer Agent and Registrar
EQ Shareowner Services
Post Office Box 64874
St. Paul, Minnesota 55164-0874
Phone: (800) 468-9716
FAX: (866) 729-7680

Research Coverage Provided By
Boenning & Scattergood, Inc.
Monness, Crespi, Hardt & Co., Inc.
Kansas City Capital Associates
Sidoti & Company
Stifel Nicolaus
William Blair & Co., LLC

Stock Market Information
Lindsay's common stock is traded on the New York Stock Exchange, Inc. (NYSE) under the ticker symbol LNN.

Certifications
The Company has filed certifications under Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002 as exhibits to its Form 10-K for fiscal year 2019. These exhibits are signed by the Principal Executive Officer and the Principal Financial Officer, respectively. Additionally, on January 17, 2019, the Company's Chief Executive Officer provided his annual certification regarding the Company's compliance with the New York Stock Exchange corporate governance listing standards.

Independent Auditors
KPMG LLP
Omaha, Nebraska

For Further Information
Shareholders and prospective investors are welcome to call or write Lindsay Corporation with questions or requests for additional information. Please direct inquiries to:

Brian L. Ketcham
Senior Vice President and Chief Financial Officer
18135 Burke Street, Suite 100
Omaha, Nebraska 68022
(402) 827-6579

Web site
www.lindsay.com

Concerning Forward-Looking Statements
This Annual Report and Form 10-K, including the President's letter, Management's Discussion and Analysis of Financial Condition and Results of Operations, contains not only historical information, but also forward-looking statements. Statements that are not historical are forward-looking and reflect expectations for future Company performance. The words "expect," "anticipate," "estimate," "believe," "intend," "will," "plan," "predict," "project," "outlook," "could," "may," "should," and similar expressions generally identify forward-looking statements. For these statements throughout the Annual Report and Form 10-K, the Company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties, including but not limited to those discussed in the "Risk Factors" section contained in the Form 10-K. Readers should not place undue reliance on any forward-looking statement and should recognize that the statements are predictions of future results or conditions, which may not occur as anticipated. Actual results or conditions could differ materially from those anticipated in the forward-looking statements and from historical results, due to the risks and uncertainties described herein, as well as others not now anticipated. The risks and uncertainties described herein are not exclusive and further information concerning the Company and its businesses, including factors that potentially could materially affect the Company's financial results, may emerge from time to time. Except as required by law, the Company assumes no obligation to update forward-looking statements to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

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