



Ag Growth Announces First Quarter 2017 Results; Declares Dividends

Winnipeg, MB, May 9, 2017 – Ag Growth International Inc. (TSX: AFN) (“AGI”, the “Company”, “we” or “our”) today announced its financial results for the three-month period ended March 31, 2017, and declared dividends for June 2017, July 2017 and August 2017.

Overview of Results

	Three Months Ended March 31	
(thousands of dollars except per share amounts)	2017	2016
Trade sales ⁽¹⁾⁽²⁾	154,689	113,672
Adjusted EBITDA ⁽¹⁾⁽²⁾⁽³⁾	25,674	19,773
Profit	5,127	5,697
Diluted profit per share	0.33	0.38
Adjusted profit ⁽¹⁾	7,478	6,000
Diluted adjusted profit per share ⁽¹⁾⁽⁴⁾	0.48	0.40

(1) See “Non-IFRS Measures”.

(2) See “Basis of Presentation” in the MD&A for the three-month period ended March 31, 2017.

(3) See “Adjusted EBITDA”.

(4) See “Diluted profit (per share) and Diluted adjusted profit (per share)” below in Summary of Results.

Trade sales and adjusted EBITDA significantly exceeded record 2016 results due to robust demand in Canada, higher international sales and the impact of acquisitions. Strength in the Canadian Farm market was complemented by higher Farm sales in the U.S., which increased 18% over Q1 2016. Farm backlogs in both Canada and the U.S. are substantially higher than at the same time in 2016. Robust demand in Europe, the Middle East and Africa (“EMEA”) and the Black Sea region resulted in higher international sales and an increase in international sales order backlog compared to the prior year. Trade sales from acquisitions in the quarter were \$30.0 million. Higher adjusted EBITDA was offset by transaction costs related to the acquisition of Global Industries, Inc. (“Global”) and increased share based compensation expenses, resulting in a small decrease in profit and diluted profit per share compared to 2016.

“We saw broad based strength across AGI in the first quarter as many international Commercial projects moved off the drawing board into development, the US Farm market began showing signs of a rebound and Canadian Commercial and Farm markets remained robust.” said Tim Close, President and CEO of AGI. “During the quarter we also completed the acquisition of Global Industries and in doing so welcomed a great team of people, added leading brands and dealers, and significantly increased our platform in the US. Our project in Brazil is on track due to some outstanding work from across AGI to fast track the design and construction of our facility and tackle the engineering required to support our product transfer. With robust backlogs across AGI we are seeing positive signs for continued strength in 2017.”

Diluted profit (per share) and Diluted adjusted profit (per share)

A reconciliation of profit and diluted adjusted profit per share to adjusted profit and adjusted diluted profit per share is below.

(thousands of dollars except per share amounts)	Three Months Ended March 31	
	2017	2016
Profit as reported	5,127	5,697
Diluted profit per share as reported	0.33	0.38
Loss on foreign exchange	(582)	(229)
(Loss) profit from discontinued operations	(5)	560
M&A expenses	1,629	218
Contingent consideration expense	352	64
Loss (gain) on financial instruments	975	(320)
(Gain) loss on sale of PP&E	(18)	10
Adjusted profit ⁽¹⁾	7,478	6,000
Diluted adjusted profit per share ⁽¹⁾	0.48	0.40

(1) See "Non-IFRS Measures"

OUTLOOK

The Farm market in Canada remains robust as Canadian farmers benefit from the positive economics of a favourable crop mix and a weak Canadian dollar. A large crop in 2016 contributed to strong in-season sales and resulted in low inventory levels throughout AGI's distribution network that, along with a general expectation of strong end-user demand in 2017, has resulted in sales order backlogs significantly higher than the prior year. The Farm market in the U.S. remained weak in 2016 as farmer net income continued to be affected by low corn and soybean prices. In 2017, however, early signs of a recovery in demand for AGI product appear to be forming, particularly for portable grain handling equipment. Management postulates the significant increase in sales order backlog for our Farm equipment reflects marginally improved economics for some farmers and the product replacement cycle for portable grain handling equipment. It remains too early in the crop year to confidently predict higher demand for Farm equipment throughout 2017, however management is cautiously optimistic that recent activity is an indicator of a modest improvement in the U.S. Farm sector.

The demand environment for AGI's Commercial business remains positive for several reasons including the global trend towards higher crop volumes, infrastructure deficiencies in many grain producing and importing regions of the world, the drive towards improved efficiencies in a mature North American market, the dissolution of the Canadian Wheat Board and the evolution of retail fertilizer distribution. Excluding acquisitions, AGI's Commercial backlog is relatively flat compared to the same time in 2016 as a higher international backlog is partially offset by lower backlogs in North America. Management anticipates the Commercial backlog may increase substantially in the near-term as several projects in Canada, South America, EMEA and the Black Sea region come to fruition. Overall, management expects sales of Commercial equipment in 2017 will significantly exceed the prior year, largely due to growth in offshore sales.

AGI acquired Global on April 4, 2017. Consistent with AGI's Farm business in the U.S., Global's results in recent years have reflected weakness in the U.S. Farm market and its normalized EBITDA averaged approximately U.S. \$11.5 million over the three years ended November 30, 2016, with fiscal 2016 being below the three-year average. AGI anticipates a modest recovery in the U.S. Farm market in 2017 that should likewise benefit Global's business.

AGI completed several acquisitions in 2016 and the inclusion of a full twelve months of results from NuVision (acquired April 2016), Mitchell (July 2016) and Yargus (November 2016) in fiscal 2017 is expected to increase EBITDA compared to the prior year. In addition, management believes the combination of these entities has created a market leading fertilizer platform and accordingly expects to organically grow sales for each of these businesses.

AGI entered the Brazilian market through its purchase of Entringer in March 2016, and soon after commenced construction of a new production facility that will house both Entringer products and many of AGI's North American product lines. Management anticipates the new facility will be fully commissioned in the second half of 2017. AGI has focused efforts in 2017 on growing its Farm and Commercial business in Brazil while at the same time transferring product knowledge from North America to Brazil and investing in people to prepare for future growth. On balance, management anticipates adjusted EBITDA in Brazil will be slightly positive in the second half of 2017.

Demand in 2017 will be influenced by, among other factors, weather patterns, crop conditions and the timing of harvest and conditions during harvest. Planting in many areas of North America has been delayed by wet conditions that, if the delays persist, may lower crop production in certain regions. Changes in global macroeconomic factors as well as sociopolitical factors in certain local or regional markets and the availability of credit and export credit agency support in offshore markets also may influence sales, primarily of Commercial grain handling and storage products. Consistent with prior periods, Commercial sales are subject to the timing of customer commitment and delivery considerations. AGI's financial results are impacted by the rate of exchange between the Canadian and U.S. dollars and a weaker Canadian dollar relative to its U.S. counterpart positively impacts profit and adjusted EBITDA. The Company has mitigated its exposure to higher input costs through procurement of steel at lower prices, sales price increases and limiting the length of time commercial quotes remain valid. However, AGI's results in 2017 may be impacted by higher steel prices.

On balance, based on current conditions, management anticipates record sales and adjusted EBITDA in 2017 will result from strength in the Canadian Farm market, a modest recovery in the U.S. Farm market and an increase in international sales. In addition, inclusion of a full twelve months of results from the 2016 acquisitions of NuVision, Mitchell and Yargus, and results from Global, are expected to significantly contribute to sales and EBITDA in 2017.

Dividends

AGI today announced the declaration of cash dividends of \$0.20 per common share for the months of June, July and August 2017. The dividends are eligible dividends for Canadian income tax purposes. AGI's current annualized cash dividend rate is \$2.40 per share.

The table below sets forth the scheduled payable and record dates:

Monthly dividend	Payable date	Record date
June 2017	July 14, 2017	June 30, 2017
July 2017	August 15, 2017	July 31, 2017
August 2017	September 15, 2017	August 31, 2017

MD&A and Financial Statements

AGI's financial statements and MD&A (the "Q1 MD&A") for the three-month period ended March 31, 2017 can be obtained at <http://media3.marketwire.com/docs/1094080.pdf> and will also be available electronically on SEDAR (www.sedar.com) and on AGI's website (www.aggrowth.com).

Conference Call

Management will hold a conference call on Tuesday, May 9, 2017, at 9:00 a.m. EST to discuss the Company's results for the three-month period ended March 31, 2017. To participate in the conference call, please dial 1-800-377-0758 or for local access dial 416-340-2216. An audio replay of the call will be available for seven days. To access the audio replay, please dial 1-800-408-3053 or for local access dial 905-694-9451. Please quote passcode 9226010 for the audio replay.

Company Profile

Ag Growth International Inc. is a leading manufacturer of portable and stationary grain handling, storage and conditioning equipment, including augers, belt conveyors, grain storage bins, grain handling accessories, grain aeration equipment and grain drying systems. AGI has manufacturing facilities in Canada, the United States, Italy, Brazil, South Africa and the United Kingdom, and distributes its products globally.

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NON-IFRS MEASURES

In analyzing our results, we supplement our use of financial measures that are calculated and presented in accordance with IFRS, with a number of non-IFRS financial measures including “EBITDA”, “Adjusted EBITDA”, “trade sales”, “adjusted profit” and “diluted adjusted profit per share”. A non-IFRS financial measure is a numerical measure of a company's historical performance, financial position or cash flow that excludes (includes) amounts, or is subject to adjustments that have the effect of excluding (including) amounts, that are included (excluded) in the most directly comparable measures calculated and presented in accordance with IFRS. Non-IFRS financial measures are not standardized; therefore, it may not be possible to compare these financial measures with other companies' non-IFRS financial measures having the same or similar businesses. We strongly encourage investors to review our consolidated financial statements and publicly filed reports in their entirety and not to rely on any single financial measure.

We use these non-IFRS financial measures in addition to, and in conjunction with, results presented in accordance with IFRS. These non-IFRS financial measures reflect an additional way of viewing aspects of our operations that, when viewed with our IFRS results and the accompanying reconciliations to corresponding IFRS financial measures, may provide a more complete understanding of factors and trends affecting our business.

In this press release, we discuss the non-IFRS financial measures, including the reasons that we believe that these measures provide useful information regarding our financial condition, results of operations, cash flows and financial position, as applicable, and, to the extent material, the additional purposes, if any, for which these measures are used. Reconciliations of non-IFRS financial measures to the most directly comparable IFRS financial measures are contained in this press release.

Management believes that the Company's financial results may provide a more complete understanding of factors and trends affecting our business and be more meaningful to management, investors, analysts and other interested parties when certain aspects of our financial results are adjusted for the gain (loss) on foreign exchange and other operating expenses and income. These measurements are non-IFRS measurements. Management uses the non-IFRS adjusted financial results and non-IFRS financial measures to measure and evaluate the performance of the business and when discussing results with the Board of Directors, analysts, investors, banks and other interested parties.

References to “EBITDA” are to profit before income taxes, finance costs, depreciation, amortization and impairment charges related to discontinued operations. References to “adjusted EBITDA” are to EBITDA before the Company's gain or loss on foreign exchange, gains or losses on the sale of property, plant & equipment, non-cash share based compensation expenses, gains or losses on financial instruments, non-cash contingent consideration expenses, provisions related to the cancellation of a U.S. distributor and expenses related to corporate acquisition activity. Adjusted EBITDA excludes the results of former AGI divisions Applegate and Mepu as the previously announced strategic review of these assets resulted in their sale in 2016. Management believes that, in addition to profit or loss, EBITDA and adjusted EBITDA are useful supplemental measures in evaluating the Company's performance. Management cautions investors that EBITDA and adjusted EBITDA should not replace profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows. See “Operating Results - EBITDA and Adjusted EBITDA” in the Q1 MD&A for the reconciliation of EBITDA and Adjusted EBITDA to profit from continuing operations before income taxes.

References to “trade sales” are to sales net of the gain or loss on foreign exchange. Management cautions investors that trade sales should not replace sales as an indicator of performance. See "Operating Results - Trade Sales" in the Q1 MD&A for the reconciliation of trade sales to sales.

References to “adjusted profit” and “diluted adjusted profit per share” are to profit for the period and diluted profit per share for the period adjusted for losses on foreign exchange, transaction costs, non-cash loss (profit) on discontinued operations, contingent consideration expense and gain (loss) on sale of property, plant and equipment. See "Detailed Operating Results – Diluted profit per share and Diluted adjusted profit per share” in the Q1 MD&A for the reconciliation of diluted profit per share and diluted adjusted profit per share to profit as reported.

In addition, this press release refers to: "normalized EBITDA" of Global for certain financial periods, which is earnings of Global before income taxes, finance costs, depreciation and amortization, and one-time events, and after certain normalization adjustments including owner/manager compensation structure, related party transactions, and rationalizations. The financial information in this press release relating to Global including normalized EBITDA is derived from Global's financial statements, which are prepared in accordance with United States generally accepted accounting principles, which differ in some material respects from IFRS, and accordingly may not be comparable to the financial statements of AGI or other Canadian public companies.

FORWARD-LOOKING INFORMATION

This press release contains forward-looking statements and information ("forward-looking information") within the meaning of applicable securities laws that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words “anticipate”, “believe”, “continue”, “could”, “expects”, “intend”, “plans”, "postulates", "predict", “will” or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. This information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. In addition, this press release may contain forward-looking information attributed to third party industry sources. Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. In particular, the forward-looking information in this press release includes information relating to our business and strategy, including our outlook for our financial and operating performance including our expectations for sales and adjusted EBITDA, industry demand and market conditions, and with respect to our ability to achieve the expected benefits of recent acquisitions and the contribution therefrom. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions concerning: anticipated grain production in our market areas; financial performance; the financial and operating attributes of recently acquired businesses and the anticipated future performance thereof and contributions therefrom; business prospects; strategies; product pricing; regulatory developments; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; political events; currency exchange and interest rates; the cost of materials; labour and services; the value of businesses and assets and liabilities assumed pursuant to recent acquisitions; the impact of competition; the general stability of the economic and regulatory environment in which the Company operates; the timely receipt of any required regulatory and third party approvals; the ability of the Company to obtain and retain qualified staff and services in a timely and cost efficient manner; the timing and payment of dividends; the ability of the Company to obtain financing on acceptable terms; the regulatory framework in the jurisdictions in which the Company operates; and the ability of the

Company to successfully market its products and services.. Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking information, including changes in international, national and local macroeconomic and business conditions, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, the ability of management to execute the Corporation's business plan, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange and interest rates, the availability of credit for customers, competition and AGI's failure to achieve the expected benefits of recent acquisitions. These risks and uncertainties are described under "Risks and Uncertainties" in the Q1 MD&A, in our MD&A for the year ended December 31, 2016 and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR (www.sedar.com). These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. These estimates may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this press release is made as of the date of this press release and AGI undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.