AGI Announces $100 million Credit Facility Expansion and Amendment of Terms

WINNIPEG, April 29, 2020 /CNW/ - Ag Growth International Inc. ("AGI") (TSX: AFN) today welcomed Farm Credit Canada ("FCC") to its Canadian lending syndicate and announced several amendments to its credit facility.

AGI's credit facility has been expanded to include a $50 million increase in its senior revolving facility as well as the creation of a separate one-year revolving facility of $50 million to provide increased short-term flexibility during the Covid-19 crisis. AGI's senior credit facility now totals approximately $575 million Canadian dollar equivalent, excluding an undrawn accordion of $100 million. For reference, as at March 31, 2020 AGI had drawn $345 million under these facilities.

The amendments to the credit facility include a suspension of all financial covenant requirements for the six-month period ending October 31, 2020 as well as the ability to normalize Q1 2020 and Q2 2020 financial results for certain Covid-19 impacts when calculating trailing EBITDA in future covenant calculations. Following October 31, 2020, AGI's minimum leverage ratio covenant will return to 3.75x up to and including the calculation as at March 31, 2021. The minimum leverage ratio decreases to 3.50x for the quarter ended June 30, 2021 and returns to 3.25x thereafter. During the financial covenant suspension period AGI is subject to a minimum liquidity covenant. The maturity date of the facility remains March 20, 2025. The amendments announced today do not impact terms of AGI's Series B and C secured notes that total $60 million.

"We would like to thank our banking partners for their outstanding support during this crisis and we welcome FCC to our lending syndicate," said Tim Close, President and CEO of AGI. "AGI remains in compliance with all financial covenants, all of our facilities are currently operating, our backlogs remain solid and we continue to monitor sales intake for areas of concern. In the early days of Covid-19 we moved quickly to engage our banking partners to account for the expected uncertainties created by the crisis. Given that the extent, depth and trailing impacts remain unknown it was prudent to implement measures to ensure AGI is well prepared. This amendment, in combination with our recently announced dividend change, is part of our Preparation with Progress initiative to prudently deal with the crisis while also progressing on strategic initiatives."

AGI Company Profile

AGI is a leading provider of solutions for the global food infrastructure, including seed, fertilizer, grain, feed, and food processing systems. AGI has manufacturing facilities in Canada, the United States, the United Kingdom, Brazil, India, France and Italy and distributes its product globally.

Further information can be found in the disclosure documents filed by AGI with the securities regulatory authorities, available at www.sedar.com and on AGI's website www.aggrowth.com.

CAUTIONARY STATEMENTS

Forward-Looking Information

This press release may contain forward-looking statements and information [collectively, "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. Forward-looking 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. 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. Such forward-looking information reflects our current beliefs and is based on information currently available to us, including certain key expectations and assumptions including with respect to the anticipated impacts of the coronavirus (COVID-19) outbreak on our business, operations and financial results. 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 the effects of global outbreaks of pandemics or contagious diseases or the fear of such outbreaks, such as the recent COVID-19 pandemic, including the effects on the Company's operations, manufacturing facilities, personnel, and supply chain, the demand for our products and services, our ability to expand and produce in new geographic markets or the timing of such expansion efforts, and on overall economic conditions and customer confidence and spending levels, changes in international, national and local macroeconomic and business conditions, as well as sociopolitical conditions in certain local or regional markets, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, the ability of management to execute the Company'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, AGI's failure to achieve the expected benefits of recent acquisitions including to realize anticipated synergies and margin improvements; and changes in trade relations between the countries in which the Company does business including between Canada and the United States. These risks and uncertainties are described under "Risks and Uncertainties" in our MD&A, our annual MD&A 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. 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.

Non-IFRS Measures

This press release contains references to "EBITDA", a financial measure that does not have a standardized meaning prescribed by International Financial Reporting Standards and that may not be comparable to similar measures presented by other companies or entities. References to "EBITDA" in this press release are to consolidated profit before income taxes, finance costs, depreciation, amortization and share of associate's net loss, as more particularly defined in AGI's credit facility. EBITDA is used in the credit facility to, among other things, measure AGI's compliance with certain financial covenants under the credit facility.

SOURCE Ag Growth International Inc. (AGI)

View original content: http://www.newswire.ca/en/releases/archive/April2020/29/c8965.html

%SEDAR: 00028540E

For further information: Investor Relations: Steve Sommerfeld, 204-489-1855, steve@aggrowth.com

CO: Ag Growth International Inc. (AGI)