Ag Growth Announces Third Quarter 2016 Results and Dividends; Announcement of Strategic Acquisition

Winnipeg, MB, November 10, 2016 – Ag Growth International Inc. (TSX: AFN) ("AGI" or the "Company") today announced its financial results for the three and nine-month periods ended September 30, 2016, and declared dividends for December 2016, January 2017 and February 2017.

Overview of Results

(thousands of dollars)	**Three Months Ended September 30**		**Nine Months Ended September 30**	
	2016	**2015**	**2016**	**2015**
Trade sales (1)(2)	162,970	123,570	420,186	324,142
Adjusted EBITDA (1)(2)(3)	36,368	19,909	82,203	59,269
Adjusted EBITDA % (1)(4)	22%	16%	20%	18%
Profit (loss)	13,034	(8,638)	24,016	(3,874)
Diluted profit (loss) per share	$0.85	$(0.60)	$1.61	$(0.28)
Adjusted profit (1)	17,285	8,343	32,105	28,944
Diluted adjusted profit per share (1)(5)	$1.07	$0.57	$2.15	$1.90

(1) See "Non-IFRS Measures".
(2) See "Basis of Presentation".
(3) See "Adjusted EBITDA".
(4) Adjusted EBITDA as a percentage of Trade Sales.
(5) See "Diluted profit per share and Diluted adjusted profit per share" below in Summary of Results.

Trade sales and adjusted EBITDA in the third quarter of 2016 were the highest ever for AGI as significant contributions from acquisitions complemented robust in-season sales in western Canada and strong results from AGI's Commercial business units. Adjusted EBITDA from divisions acquired in 2015 and 2016 was $14.5 million (2015 - $2.2 million) and resulted from robust storage demand in western Canada, a significant contribution from Vis, NuVision and Mitchell and strong results from the Company's Italian subsidiaries. Excluding acquisitions, AGI's adjusted EBITDA increased $4.2 million over Q3 2015 as sales of grain handling and aeration equipment benefited from a large crop and a wet harvest in western Canada and higher adjusted EBITDA from AGI's Commercial divisions resulted from a strong operational performance that in part reflects the commissioning of two new manufacturing facilities in 2015.

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

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

(thousands of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2016	**2015**	**2016**	**2015**
Profit (loss) as reported Diluted per share as reported	13,034 $0.85	(8,638) $(0.60)	24,016 $1.61	(3,874) $(0.28)
Loss on foreign exchange	4,560	11,872	7,138	22,288
Assets under review [(1) (2)]	(82)	(626)	(562)	672
Asset impairment	0	0	2,313	0
Allowance for net receivables [(3)]	0	1,955	0	1,955
M&A expenses	883	1,192	1,833	4,706
Contingent consideration expense	491	0	940	0
Gain on financial instruments	(1,735)	0	(5,160)	0
Loss on sale of PP&E	134	2,588	1,587	3,197
Adjusted profit [(4)]	17,285	8,343	32,105	28,944
Numerator for dilutive adjusted profit per share [(4)(5)] Diluted adjusted profit per share [(4)]	19,966 $1.07	8,343 $0.57	34,775 $2.15	28,964 $1.90

(1) See “Strategic Review of Applegate and Mepu Operations”.
(2) Based on operations’ profit
(3) In the three months ended September 30, 2015, the Company recorded a provision related to the net balance owing from an international customer that related to sales invoiced primarily in 2013.
(4) See “Non-IFRS Measures”
(5) Includes the add back of interest expense related to the applicable convertible debentures.

OUTLOOK

AGI’s Farm business is comprised primarily of portable grain handling equipment and Westeel’s North American storage business. The primary demand driver for portable handling equipment is the amount of grain handled as this dictates farmer capacity requirements and the product replacement cycle. Large crops and generally wet harvest conditions in both Canada and the U.S. have increased the wear on existing equipment and are supportive of in-season sales and future replacement sales. In Canada, these factors combined with positive farmer sentiment have resulted in higher sales of portable equipment. In the U.S. however, negative farmer sentiment has resulted in very cautious buying behavior. Sales of replacement parts in the U.S. are well above prior year levels which appears to indicate end-users are managing with existing equipment and deferring new equipment purchases to future quarters. Accordingly, management anticipates fourth quarter demand for portable equipment will approximate prior year levels.

Westeel's storage business is comprised of corrugated storage bins, smoothwall bins and liquid storage tanks. Demand drivers for storage include volume of grains grown, crop trends, fertilizer storage and handling practices and the consolidation of farms. The macro environment in Canada is supportive of these trends and Westeel experienced high sales volumes in the third quarter. Management anticipates dealer inventory levels will be quite low subsequent to harvest and as a result expects high levels of participation in pre-season sales programs and strong sales in the fourth quarter of 2016 and the first quarter of 2017.

AGI's Commercial business is comprised primarily of high capacity grain handling and conditioning equipment and larger diameter storage bins. In North America, demand for Commercial equipment is less sensitive to a specific harvest but rather is driven primarily by macro factors including the longer-term trend towards higher crop volumes, the drive towards improved efficiencies in a mature market and, more recently in Canada, the dissolution of the Canadian Wheat Board. Commercial activity in North America remains robust however fourth quarter sales may fall below prior year levels as a number of projects were completed and shipped late in the third quarter of 2016.

Offshore, the commercial infrastructure in many grain producing and importing countries remains vastly underinvested resulting in significant global opportunities for AGI's Commercial business. Management expects a strong contribution from the Company's Italian subsidiaries in the fourth quarter of 2016 and in 2017 as Frame delivers on a significant backlog and AGI further consolidates its sales structure. Excluding Frame, our international backlog is lower than the prior year and management does not expect international sales to reach the record levels achieved in 2015. However, we have a large and high quality quote log and management anticipates the international sales backlog entering 2017 will be well above the levels experienced early in 2016.

AGI completed a number of acquisitions in recent months including VIS (November 2015), Entringer (March 2016), NuVision (April 2016) and Mitchell (July 2016). These acquisitions were funded with cash and the Company's revolver facility and include earn-out provisions. Management does not anticipate a positive EBITDA contribution from Brazilian-based Entringer in 2016, however, VIS, NuVision and Mitchell are expected to generate significant fourth quarter adjusted EBITDA, approximately in-line with the acquisition metrics disclosed upon announcing the transactions (see "Acquisitions").

Demand in the remainder of 2016 and in 2017 will be influenced by, among other factors, weather patterns, crop conditions and the timing of harvest and conditions during harvest. 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. However, a portion of the Company's foreign exchange exposure has been hedged through forward foreign exchange contracts and based on current rates of exchange the Company expects to recognize a loss on these contracts. Short-term fluctuations in the price of steel may impact our financial results even though we strive to partially mitigate our exposure to such fluctuations through the use of long-term purchase contracts, bidding commercial projects based on current input costs and passing input costs on to customers through sales price increases.

Management anticipates fourth quarter results to reflect a significant contribution from recent acquisitions and strong demand in Canada for Farm products including Westeel storage equipment. However, the portable Farm market in the U.S. continues to be soft, North American Commercial sales are expected to be impacted by timing of project completion and delivery and our international business, excluding acquisitions, is not expected to gain significant momentum until 2017. On balance, based on current conditions, management anticipates fourth quarter adjusted EBITDA, including acquisitions, will be moderately above the prior year.

Management is positively biased towards 2017 and anticipates growth in a number of areas. A significant contribution is expected from the 2016 acquisitions of NuVision and Mitchell and management anticipates a positive contribution from operations in Brazil subsequent to the commissioning of the Company's new facility in early 2017. Based on current conditions, management anticipates robust demand in Canada for portable handling, aeration and storage equipment. In the U.S., management anticipates a modest increase in demand for portable equipment as the industry works through elevated inventory levels and farmers begin to replace older equipment. Finally, international sales are expected to benefit from a higher opening backlog for North American exports and continued high levels of activity at AGI's Italian subsidiaries. On balance, based on current conditions, management anticipates results in 2017 will exceed current year results.

Dividends

AGI today announced the declaration of cash dividends of $0.20 per common share for the months of December 2016, January 2017 and February 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
December 2016	December 15, 2016	November 30, 2016
January 2017	January 13, 2017	December 30, 2016
February 2017	February 15, 2017	January 31, 2017

Agreement to Acquire Yargus Manufacturing, Inc.

AGI is pleased to announce it has entered into an agreement to acquire 100% of the outstanding shares of Yargus Manufacturing, Inc. ("Yargus"). Based in Marshall, Illinois, Yargus is a manufacturer of material handling equipment used primarily in commercial fertilizer applications. Yargus is recognized for its custom design and manufacturing expertise, and its product offering, sold under the brand name Layco, includes tower blender systems, batch blending systems, control systems, in-plant receiving, automated coating systems, conditioners/delumpers, performance mixers, declining weight/volumetric blend systems, and conveyor systems.

The acquisition of Yargus will substantially expand AGI's North American fertilizer handling platform, both geographically and in terms of service offering. Yargus has a substantial presence in the U.S., as well as a growing international presence, both of which are highly complementary to AGI's current material handling footprint. Yargus has recently made substantial investments in plant, equipment, personnel, and product development, and when combined with AGI's existing divisions, will be very well positioned to compete in both local and international markets.

The purchase price for Yargus is U.S. $43.2 million, which includes U.S. $5.2 million of debt related to its recent building expansion and investment in equipment that was required to drive Yargus' next phase of growth. The purchase price will be payable upon closing, which is scheduled for the week of November 14, 2016. Yargus' normalized EBITDA averaged approximately U.S. $5.3 million over the past three years. Excluding the portion of the purchase price relating to the recent expansion capital expenditures, the transaction represents a multiple of 7.1 times the average normalized EBITDA over the past three years. Strong financial performance over the past nine months has enabled AGI to fund the transaction from cash and AGI's existing revolving credit facility.

"Yargus has been built over the past 48 years by a market leading team driven by the vision of Larry Yargus and we are very pleased to welcome the Yargus family and entire team to AGI," said AGI CEO Tim Close. "We pride ourselves on being a great home for family owned businesses in the agriculture sector where we can continue to invest in the people and facilities that have created exceptional brands and product lines. We would like to thank Larry and his daughters Anne, Kate and Meg for placing their trust in AGI and choosing to partner with us to continue to grow Yargus domestically and to accelerate their international growth. This acquisition completes our fertilizer platform in North America, significantly accelerates our global strategy and adds unique product lines including controls and proprietary software to our catalogue. We look forward to presenting our full fertilizer platform, from design through to production and installation to the market in the following months."

MD&A and Financial Statements

AGI's financial statements and MD&A for the three and nine-month periods ended September 30, 2016 can be obtained at http://media3.marketwire.com/docs/1076000P2.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 Thursday, November 10, 2016, at 8:00 a.m. EST to discuss its results for the three and nine-month periods ended September 30, 2016. To participate in the conference call, please dial 1-866-696-5910 or for local access dial 416-340-2217, and enter passcode 7816783. 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 9524275 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, 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 International Financial Reporting Standards ("IFRS"), with a number of non-IFRS financial measures including “EBITDA”, “adjusted EBITDA”, “adjusted EBITDA %”, “gross margin”, “funds from operations”, “payout ratio”, “adjusted payout ratio”, “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 AGI's most recently filed MD&A.

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 certain amounts. 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 asset impairment charges. 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 and expenses related to corporate acquisition activity. Adjusted EBITDA excludes the results of AGI divisions Applegate and Mepu as the previously announced strategic review of these assets has 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.

References to "adjusted EBITDA %" are to adjusted EBITDA as a percentage of trade sales.

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. Trade sales exclude the results of AGI divisions Applegate and Mepu as the previously announced strategic review of these assets has resulted in their sale in 2016.

References to "funds from operations" are to adjusted EBITDA less cash taxes, cash interest expense, realized losses on foreign exchange and maintenance capital expenditures. Management believes that, in addition to cash provided by (used in) operating activities, funds from operations provide a useful supplemental measure in evaluating its performance.

References to "payout ratio" are to dividends declared as a percentage of funds from operations. References to "adjusted payout ratio" are to declared dividends paid in cash as a percentage of funds from operations.

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 the non-cash CRA settlement, losses on foreign exchange, transaction costs, non-cash loss on available-for-sale investment and gain on sale of property, plant and equipment.

In addition, this press release includes certain financial information relating to Yargus, which is prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"), 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. In the case of the Yargus financial information, references to "normalized EBITDA" are to Yargus' unaudited earnings before income taxes, finance costs, depreciation and amortization and include certain normalization adjustments including owner/manager compensation structure and related party transactions. Management believes that, in addition to sales, profit or loss and cash flows from operating, investing, and financing activities, normalized EBITDA is a useful supplemental measure in evaluating a company's performance. Normalized EBITDA is not a financial measure recognized by IFRS or U.S. GAAP and does not have standardized meanings prescribed by IFRS or U.S. GAAP. Management cautions investors that normalized EBITDA should not replace sales or profit or loss as indicators of performance, or cash flows from operating, investing, and financing activities as a measure of a company's liquidity and cash flows. AGI's method of calculating normalized EBITDA may differ from the methods used by other issuers.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. Forward-looking statements may contain such words as “anticipate”, “believe”, “continue”, “could”, “expects”, “intend”, “plans”, “will” or similar expressions suggesting future conditions or events. In particular, the forward-looking statements in this press release include statements relating to our business and strategy, including our outlook for our future financial and operating performance including our expectations for sales and adjusted EBITDA, with respect to our ability to achieve the expected benefits of recent acquisitions including the Yargus acquisition and the contribution therefrom. Such forward-looking statements reflect our current beliefs and are based on information currently available to us, including certain key expectations and assumptions concerning anticipated grain production in our market areas, financial performance, business prospects, strategies, product pricing, regulatory developments, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, political events, currency exchange rates, the cost of materials, labour and services and the value of businesses and assets and liabilities assumed pursuant to the recent acquisitions including the Yargus acquisition. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking statements, including changes in international, national and local business conditions, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange rates, competition and AGI failure to achieve the expected benefits of the recent acquisitions. These risks and uncertainties are described under “Risks and Uncertainties” in our most recently filed MD&A and Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. There can be no assurance that the acquisition of Yargus will be completed when anticipated or at all or that any of the anticipated benefits of the Yargus acquisition will be realized. We cannot assure readers that actual results will be consistent with these forward-looking statements and we undertake no obligation to update such statements except as expressly required by law.