



Ag Growth Announces First Quarter 2016 Results; Declares Dividends

Winnipeg, MB, May 5, 2016 – Ag Growth International Inc. (TSX: AFN) (“AGI” or the “Company”) today announced its financial results for the three-month period ended March 31, 2016, and declared dividends for June, July and August 2016.

Overview of Results

(thousands of dollars)	Three Months Ended March 31	
	2016	2015
Trade sales ⁽¹⁾⁽²⁾	113,672	86,627
Adjusted EBITDA ⁽¹⁾⁽²⁾⁽³⁾	19,800	17,271
Net profit (loss)	5,697	(3,409)
Diluted profit (loss) per share	\$0.38	\$(0.26)
Adjusted net profit ⁽¹⁾	5,760	7,404
Diluted adjusted profit per share ⁽¹⁾⁽⁴⁾	\$0.39	\$0.56

- (1) See “Non-IFRS Measures”.
- (2) See “Basis of Presentation”.
- (3) See “Adjusted EBITDA”.
- (4) See “Diluted profit per share and Diluted adjusted profit per share” below in Summary of Results.

Trade sales increased over 2015 as contributions from recent acquisitions and higher sales of Commercial handling equipment in North America more than offset the anticipated low level of demand for Farm equipment and lower first quarter international sales. Adjusted EBITDA increased as higher trade sales were complemented by strong gross margins at recently acquired Westeel and VIS and higher margins at legacy AGI divisions that were achieved despite a less favourable product sales mix. An increase in acquisition related non-cash depreciation and amortization and higher debt service costs were more than offset by higher adjusted EBITDA and a small gain on foreign exchange, resulting in an increase in net profit and net profit per share.

“We achieved record sales and adjusted EBITDA in the quarter delivered by mixed results from our Farm and Commercial businesses along with rebounding results from Westeel,” said Tim Close, President and CEO of AGI. “The expected weakness in our Farm business was offset by domestic results in our Commercial business demonstrating the benefits of diversification across these markets. Margins were strong at our Westeel business as we start to see the impact of the synergies we achieved post acquisition and we are very proud of the team and their progress. For the remainder of the year we see the Commercial business weighted toward the second half given timing of projects in our pipeline, some continued weakness into Q2 on the Farm but also expect to see positive contribution from our recent acquisitions including VIS, NuVision and Frame.”

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

A reconciliation of net profit (loss) and diluted profit (loss) per share to adjusted profit (loss) and adjusted diluted profit (loss) per share is below.

(thousands of dollars)	Three Months Ended March 31	
	2016	2015
Profit (loss) as reported	\$5,697	\$(3,409)
Diluted profit per share as reported	\$0.38	\$(0.26)
(Gain) loss on foreign exchange	(229)	9,866
M&A Activity	282	1,077
Loss (gain) on sale of PP&E	10	(130)
Adjusted profit ⁽¹⁾	<u>\$5,760</u>	<u>\$7,404</u>
Diluted adjusted profit per share ⁽¹⁾	<u>\$0.39</u>	<u>\$0.56</u>

(1) See "Non-IFRS Measures".

OUTLOOK

AGI's Farm business represents approximately one-half of AGI's total revenue profile and 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. In its March 31, 2016 Prospective Plantings report, the USDA estimates 93.6 million acres of corn will be planted, up 6% from 2015 and the third highest planted acreage in the United States since 1944. Planting intentions in Canada are similarly strong and are more heavily weighted towards specialty crops, including lentils. Accordingly, existing indicators point towards higher demand for Farm equipment in fiscal 2016 compared to 2015. Cautious buying behavior at the dealer and consumer levels negatively impacted demand in the first quarter of 2016 and this trend is continuing into Q2. However, while we continue to monitor the dry conditions in western Canada, based on current conditions management anticipates demand to improve with the new crop season.

Westeel's domestic 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. While the macro environment in Canada is supportive of these trends, demand in the first quarter of 2016 was negatively impacted by higher than normal dealer inventories entering the fiscal year. However, based on current conditions, sales in the second quarter and for the balance of 2016 are expected to return to more typical levels. Management anticipates higher gross margins on Westeel product compared to the prior year will result from favourable steel prices and previously achieved cost synergies.

AGI's Commercial business is comprised primarily of high capacity grain handling and conditioning equipment and storage in offshore markets. 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, the dissolution of the Canadian Wheat Board, and current activity in North America is reflective of these trends.

Offshore, the commercial infrastructure in many grain producing and importing countries remains vastly underinvested resulting in significant global opportunities for AGI's Commercial business. Our international business expanded significantly in 2015 due to increasing brand presence, continued momentum in Eastern Europe and Latin America and the acquisition of Westeel's international businesses. Management expects a strong contribution from its Italian subsidiaries in 2016 as Frame delivers on a significant backlog and AGI further consolidates its sales structure. Excluding recent acquisitions, our international backlog is lower than the prior year as AGI had secured several large projects early in 2015 and similar projects are not in the current backlog. However, we have a large and high quality quote log and management expects to secure a number of larger projects for delivery commencing in the second half of 2016.

AGI completed a number of acquisitions in recent months including VIS (November 2015), Entringer (March 2016) and NuVision (April 2016). These acquisitions were funded with cash and include earn-out provisions. While management does not anticipate a positive EBITDA contribution from Brazilian based Entringer in 2016, the additions of VIS and NuVision and their synergies with Westeel Smoothwall bins in the fertilizer space are expected to generate significant adjusted EBITDA in the current year. On a pro-forma basis, adjusted EBITDA at VIS and NuVision in the first quarter of 2016 exceeded \$2 million.

Demand in 2016 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 results may also be impacted by changes in steel prices and other material input costs. 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 significant loss on these contracts in fiscal 2016.

Management anticipates second quarter results to reflect a significant contribution from recent acquisitions and strong Commercial business in the United States. However, results are expected to be negatively impacted by low demand for Farm products in the U.S. and the timing of commitments from international customers. On balance, management anticipates adjusted EBITDA in the second quarter of 2016 will approximate 2015 results. Management remains positively biased with respect to fiscal 2016 and anticipates results for the balance of the year will reflect the impact of recent acquisitions, a return to more typical buying patterns for Farm equipment, steady demand for domestic Commercial products and increased activity in offshore markets.

Dividends

AGI today announced the declaration of cash dividends of \$0.20 per common share for the months of June 2016, July 2016 and August 2016. 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 2016	July 15, 2016	June 30, 2016
July 2016	August 15, 2016	July 29, 2016
August 2016	September 15, 2016	August 31, 2016

MD&A and Financial Statements

AGI's financial statements and MD&A for the three month period ended March 31, 2016 can be obtained at <http://file.marketwire.com/release/AFN0505Q13.pdf> and will also be available electronically on SEDAR (www.sedar.com) and on AGI's website (www.aggrowth.com).

Conference Call

Management will host a conference call at 8:00 am (ET) on Thursday, May 5, 2016 to review the Company's results for the three-month period ended March 31, 2016. To participate in the conference call, please dial 1-866-225-6564 or for local access dial 416-340-2220. 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 4296735.

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, the United Kingdom and Finland, 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", "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 certain of 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 goodwill, intangibles or available for sale assets. References to "adjusted EBITDA" are to EBITDA before the gain or loss on foreign exchange, gains or losses on the sale of property, plant & equipment, non-cash share based compensation expenses, certain items considered by management to be unusual and non-recurring in nature and to expenses related to corporate acquisition activity. 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. EBITDA and adjusted EBITDA exclude the results of AGI divisions Applegate and Mepu as the previously announced strategic review of these assets is anticipated to result in their sale or closure in 2016.

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 is anticipated to result in their sale or closure in 2016.

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, certain items considered by management to be unusual and non-recurring in nature and the gain (loss) on sale of property, plant and equipment.

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”, “expect”, “intend”, “plan”, “will” or similar expressions suggesting future conditions or events. In particular, the forward looking statements in this MD&A include statements relating to our business and strategy, including our outlook for our financial and operating performance including our expectations for sales and adjusted EBITDA. 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, contributions from recent acquisitions, financial performance, business prospects, strategies, product pricing, regulatory developments, political events, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, currency exchange rates and the cost of materials, labour and services. 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 cyclicalities, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange rates, competition and AGI's 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 Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. 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.