AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: August 10, 2017

This Management's Discussion and Analysis ("MD&A") of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes of the Company for the three and six month periods ended June 30, 2017 and the MD&A (the "Annual MD&A") and audited consolidated financial statements and accompanying notes of the Company for the year ended December 31, 2016. Results are reported in Canadian dollars unless otherwise stated.

The financial information contained in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian currency, unless otherwise noted.

Throughout this MD&A references are made to "trade sales", "EBITDA", "adjusted EBITDA", "gross margin", "funds from operations", "payout ratio", "adjusted profit" and "diluted adjusted profit per share". A description of these measures and their limitations are discussed below under "Non-IFRS Measures".

This MD&A contains forward-looking information. Please refer to the cautionary language under the heading "Risks and Uncertainties" and "Forward-Looking Information" in this MD&A, the 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).

SUMMARY OF RESULTS

	Three Months Ended June 30		**Six Months Ended June 30**	
(thousands of dollars except per share amounts)	**2017**	**2016**	**2017**	**2016**
Trade sales (1)(2)	222,241	143,538	376,930	257,210
Adjusted EBITDA (1)(2)(3)	40,099	26,017	66,001	45,790
Profit	14,749	5,285	19,876	10,982
Diluted profit per share	$0.88	$0.35	$1.22	$0.73
Adjusted profit (1)	13,903	9,862	21,614	15,302
Diluted adjusted profit per share (1)(4)	$0.84	$0.66	$1.33	$1.02

(1) See "Non-IFRS Measures".
(2) See "Basis of Presentation".
(3) See "Operating Results - EBITDA and Adjusted EBITDA".
(4) See "Detailed Operating Results - Diluted profit per share and Diluted adjusted profit per share".

Trade sales and adjusted EBITDA significantly exceeded previous highs due to AGI's strong market position in the robust Canadian Farm and Commercial markets, improving demand for portable grain handling equipment in the U.S. and the contribution of recent acquisitions as AGI continues to diversify its geographic and end market exposure. Higher sales and a continued focus on operating margins resulted in a significant increase in adjusted EBITDA, profit and profit per share compared to the prior year.

OUTLOOK

Sales of Farm equipment in Canada remain very strong and order backlogs are well above the prior year. As a result, management anticipates third quarter Canadian Farm sales to exceed a very strong 2016 comparative. Hot and dry weather in certain areas of western Canada has the potential to lower yields and expedite harvest, which may lead to higher inventory carryover at some dealers, however the impact in Q4 is not currently expected to be significant. In the United States, improving Farm market dynamics have resulted in higher sales of portable grain handling equipment compared to 2016. Although crop conditions in the U.S. are not as favourable as at the same time a year ago, management anticipates improving demand dynamics and pent up demand for portable equipment should more than offset the impact of potentially lower crop volumes, and sales in the third and fourth quarters of 2017 are expected to exceed the prior year.

AGI anticipates growth in its Canadian Commercial business will result from significant near-term investment in Canadian grain handling infrastructure, which has resulted in part due to the dissolution of the Canadian Wheat Board, and the continued evolution of Canadian fertilizer distribution. In the United States, Commercial backlogs remain steady and management anticipates sales levels in the second half of 2017 will approximate those of the prior year. Offshore, AGI's project sales backlog has increased significantly in recent months, particularly in the Black Sea region and South America. Management anticipates second half international sales will be well above the prior year due to higher project sales, continued robust demand in Europe, the Middle East and Africa ("EMEA") and international sales from recently acquired Yargus Manufacturing, Inc. ("Yargus") and Global Industries ("Global").

AGI acquired Global on April 4, 2017 (see "Acquisition of Global Industries, Inc."). AGI has completed the first phase of the integration of Global and management expects synergies to be higher than initially anticipated, largely due to purchasing synergies and the rationalization of the combined entities' senior management and sales teams. In addition, management believes there is a significant opportunity for future margin expansion through increased adoption of lean manufacturing and improved manufacturing processes. In the first six months of 2017, AGI experienced increased demand for portable grain handling equipment, which is expected to also benefit certain Global product lines. However, U.S. demand for grain storage systems, which represent the majority of Global's sales, is expected to remain at cyclical lows for the balance of 2017.

AGI completed several acquisitions in 2016 and the inclusion of a full twelve months of results from NuVision Industries Inc. ("NuVision") (April 2016), Mitchell Mill Systems ("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.

The construction of AGI's manufacturing facility in Brazil is largely complete. AGI is currently manufacturing storage equipment at the new facility and expects to manufacture grain handling, drying and other equipment before the end 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. AGI's Brazilian operations are not expected to generate positive EBITDA in the second half of 2017, largely because Commercial projects have not materialized as quickly as anticipated. Management maintains a favourable outlook for 2018 due to increasing Farm sales, a high level of Commercial quoting activity and improving economic conditions in Brazil, including rapidly decreasing interest rates.

Demand in 2017 will be influenced by, among other factors, weather patterns, crop conditions and the timing of harvest and conditions during harvest. Certain areas of western Canada and the United States have experienced hot and dry weather in 2017, which may lower crop yields and impact demand for AGI equipment. Changes in global macroeconomic factors as well as sociopolitical factors in certain local or regional markets 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. A weaker Canadian dollar relative to its U.S. counterpart positively impacts AGI's profit and adjusted EBITDA, and future results may be impacted if the recent strengthening of the Canadian dollar is sustained. A number of factors, including U.S. trade action, may impact input pricing in 2017. The Company has mitigated its exposure to higher input costs through strategic procurement of steel, sales price increases and limiting the length of time commercial quotes remain valid.

In summary, management anticipates record sales and adjusted EBITDA in the second half of 2017 will result from strength in the Canadian Farm and Commercial markets, a modest recovery in the U.S. Farm market, an increase in international sales and contributions from acquisitions. Management expects sales and EBITDA in the second half of 2017 to be well above strong 2016 comparatives, however the timing of domestic and international Commercial projects may result in the more significant increase occurring in the fourth quarter.

BASIS OF PRESENTATION

AGI is organized into Farm and Commercial segments that are broadly defined along the lines of the end-use customer. AGI's Farm business encompasses product categories where the end user is typically a farmer, while its Commercial business typically serves larger customers that require higher capacity storage and handling products. Commercial applications include port facilities, inland terminals and retail fertilizer distribution, among others.

Farm

Our Farm products include on-farm storage products, portable grain handling equipment and lower capacity aeration products. The primary demand driver for AGI's Farm business is the volume of grain produced as this dictates on-farm storage requirements and drives the product replacement cycle for portable equipment. Farmer net income and weather conditions during harvest may also impact short-term demand. The majority of our Farm business is in North America, however we also sell Farm equipment overseas, primarily in Europe and Australia, and more recently in South America with our expansion into Brazil.

Commercial

AGI's Commercial business is comprised primarily of high capacity grain handling equipment, larger diameter grain storage, and equipment utilized in commercial fertilizer applications. Demand for Commercial equipment is less sensitive to a specific harvest than demand for Farm products but rather is driven primarily by macro factors including the longer-term trend towards higher crop volumes, the drive towards improved efficiencies in mature markets and, more recently in Canada, the dissolution of the Canadian Wheat Board. Offshore, the commercial infrastructure in many grain producing and importing countries remains vastly underinvested resulting in significant global opportunities for AGI's Commercial business. AGI addresses the offshore market from its facilities in Brazil, Italy and North America.

Farm and Commercial – Gross Margin

The gross margin of individual product lines within both the Farm and Commercial categories may vary significantly depending on the sales mix and as a result, quarterly margins may vary from period to period. Generally, when aggregated, gross margin in the Farm segment is slightly higher than gross margin in the Commercial segment.

Farm and Commercial trade sales – 2017

(thousands of dollars)	**Q1**	**Q2**	**YTD 2017**
Farm	76,275	120,853	197,128
Commercial	78,414	101,388	179,802
Total	**154,689**	**222,241**	**376,930**

Farm and Commercial trade sales – 2016

(thousands of dollars)	**Q1**	**Q2**	**Q3**	**Q4**	**2016**
Farm	63,769	67,542	77,116	59,260	267,687
Commercial	49,903	75,996	85,854	67,176	278,929
Total	**113,672**	**143,538**	**162,970**	**126,436**	**546,616**

Acquisitions

When comparing current year results to 2016, we have in some cases noted the impact of recent acquisitions. This is a reference to the acquisitions of Entringer Industrial S.A. ("Entringer")(March 15, 2016), NuVision (April 1, 2016), Mitchell (July 18, 2016), Yargus (November 15, 2016) and Global (April 4, 2017). Unless otherwise noted, all current year results include the results from the above acquisitions.

Acquisition of Global Industries, Inc. (April 4, 2017)

AGI acquired Global for U.S. $100 million. Global is a diversified manufacturer of grain storage bins, portable and stationary grain handling equipment, grain drying and aeration equipment, structural components, and steel buildings. Global has four divisions located in Nebraska and Kansas, production capacity in South Africa, and warehouses in the U.S., Europe, Australia and Africa. Global's product catalogue and domestic and offshore geographic sales are highly complementary to AGI's existing footprint, and are expected to substantially expand AGI's North American and international grain handling, drying and storage platforms in both Farm and Commercial segments.

Global's 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. In the four years prior to 2015, being the years before the current downturn in the U.S. farm market, Global's normalized EBITDA averaged approximately U.S. $17 million. Three of Global's four operating divisions, representing approximately 85% of sales, will be categorized as Farm divisions in this

MD&A. Global's sales have historically been weighted approximately 75% in the U.S. with the majority of the balance overseas, and for their year-ended November 30, 2016, total sales were U.S. $112 million.

OPERATING RESULTS

Trade Sales (see "Non-IFRS Measures" and "Basis of Presentation")

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Trade sales	222,241	143,538	376,930	257,210
Foreign exchange gain (loss)	(1,176)	(2,701)	(1,329)	(4,650)
Sales	**221,065**	**140,837**	**375,601**	**252,560**

Trade Sales by Region

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Canada	89,661	65,332	154,982	116,531
US	92,844	47,636	150,874	92,987
International	39,736	30,570	71,074	47,692
Total	**222,241**	**143,538**	**376,930**	**257,210**

Trade sales in Canada, excluding acquisitions, increased 23% over Q2 2016 and were 17% higher compared to the first six months of 2016. Total trade sales in Canada increased 37% and 33%, respectively, in the three and six months ended June 30, 2017. Positive farmer economics and favourable early season crop conditions led to strong sales across all Farm product categories, most notably grain storage. Trade sales from acquisitions in the three and six months ended June 30, 2017, were $16 million and $25 million, respectively, and reflect ongoing Commercial investment in fertilizer distribution and grain handling facilities as well as AGI's increased presence in the design, equipment fabrication and installation of food processing systems.

In the United States, excluding acquisitions, sales of Farm equipment in the three and six months of 2017 increased 33% and 25% over 2016, respectively, as improving Farm market dynamics, particularly for product categories with lower price points, resulted in higher sales of portable grain handling equipment. Total sales related to acquisitions in the three and six months ended June 30, 2017 were $38 million and $53 million, respectively. Sales from recently acquired Global remained near industry cyclical lows as Farm demand for storage and stationary handling equipment remains subdued, however total sales from acquisitions benefited significantly from AGI's recent diversification into fertilizer and food processing equipment markets.

AGI's international sales, excluding acquisitions, increased $8.1 million in the first six months of 2017 as compared to 2016, largely due to robust demand in EMEA and projects in Argentina and the Black Sea region. AGI's international project sale backlog has increased significantly in recently months and international project sales in the second half of 2017 and early 2018 are expected to be considerably higher than the comparative periods. International sales from acquisitions in the first six months of 2017 of $16.5 million related largely to the acquisitions of Yargus and Global.

Trade Sales by Category

(thousands of dollars)	Three Months Ended June 30			Six months Ended June 30		
	2017	**2016**	**Change**	**2017**	**2016**	**Change**
Farm	120,853	67,542	53,311	197,128	131,311	65,817
Commercial	101,388	75,996	25,392	179,802	125,899	53,903
Total	**222,241**	**143,538**	**78,703**	**376,930**	**257,210**	**119,720**

Farm sales increased compared to 2016 due to robust demand in the Canadian market, increasing demand in the U.S. Farm market for portable grain handling equipment and the acquisition of Global. Higher Commercial sales compared to 2016 reflects continued investment in the Canadian grain handling and fertilizer infrastructure, higher international sales and AGI's recent diversification into fertilizer handling and storage equipment and the design, equipment fabrication and installation of food processing systems.

See also "Outlook".

Gross Margin (see "Non-IFRS Measures" and "Basis of Presentation")

(thousands of dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2017	**2016**	**2017**	**2016**
Trade sales	222,241	143,538	376,930	257,210
Cost of inventories	152,252	95,170	252,776	166,955
Gross margin	**69,989**	**48,378**	**124,154**	**90,255**
Gross margin as a % of trade sales	**31.5%**	**33.7%**	**32.9%**	**35.1%**

Gross margin as a percentage of trade sales remained strong in the second quarter of 2017 due to efficient labour utilization, strategic procurement of steel and the positive impact of a weaker Canadian dollar. The decrease from 2016 in the six-month period is largely due to lower Commercial margins in Q1 2017 that resulted from project sales mix.

EBITDA and Adjusted EBITDA (see "Non-IFRS Measures" and “Basis of Presentation”)

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Profit from continuing operations before income taxes	**21,044**	**7,214**	**29,217**	**14,855**
Finance costs	9,116	5,927	15,452	11,886
Depreciation and amortization	8,259	5,650	14,712	11,409
EBITDA (1)	**38,419**	**18,791**	**59,381**	**38,150**
Gain on foreign exchange	(4,034)	2,807	(4,616)	2,578
Share based compensation	2,526	2,704	4,882	3,320
Cost related to divestitures	-	(55)	-	-
Loss (gain) on financial instruments (2)	(3,576)	(3,105)	(2,601)	(3,425)
Contingent consideration	361	385	713	449
M&A expenses (3)	3,870	732	5,499	950
(Gain) loss on sale of PP&E	30	(38)	12	(28)
Fair value of inventory from acquisitions	2,503	-	2,731	-
Impairment	-	3,796	-	3,796
Adjusted EBITDA (1)	**40,099**	**26,017**	**66,001**	**45,790**

(1) See “Non-IFRS Measures”.
(2) See “Equity Compensation Hedge”.
(3) Includes transaction costs, non-cash expenses related to recording inventory at fair value when acquiring companies and non-cash transaction costs.

EBITDA and adjusted EBITDA increased significantly compared to 2016 due to robust Farm and Commercial demand in Canada, higher sales of portable grain handling equipment in the U.S. and the impact of acquisitions. As a percentage of sales, adjusted EBITDA was 18% in both the three and six month periods ended June 30, 2017 (2016 – 18% for both periods).

DETAILED OPERATING RESULTS

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Sales				
Trade sales (1)	222,241	143,538	376,930	257,210
Foreign exchange loss	(1,176)	(2,701)	(1,329)	(4,650)
	221,065	140,837	375,601	252,560
Cost of goods sold				
Cost of inventories	152,252	95,170	252,776	166,955
Depreciation/amortization	5,484	3,438	10,199	7,234
	157,736	98,608	262,975	174,189

Selling, general and administrative expenses				
SG&A expenses	32,930	22,921	61,842	45,289
Share-based compensation	2,526	2,704	4,882	3,320
M&A expenses	3,870	732	5,499	950
Contingent consideration expense	361	385	713	449
Depreciation/amortization	2,775	2,212	4,513	4,175
	42,462	28,954	77,449	54,183
Other operating (income) expenses				
Net loss (gain) on disposal of PP&E	30	(22)	12	(12)
Net (gain) on assets held for sale	-	(16)	-	(16)
Other	(4,157)	(3,708)	(3,535)	(4,204)
	(4,127)	(3,746)	(3,523)	(4,232)
Impairment charge	-	3,796	-	3,796
Finance costs	9,116	5,927	15,452	11,886
Finance (income) loss	(5,166)	84	(5,969)	(2,117)
Profit from continuing operations before income taxes	21,044	7,214	29,217	14,855
Income tax expense	6,316	2,969	9,367	4,353
Profit for the period from continuing operations	14,728	4,245	19,850	10,502
Profit (loss) from discontinued operations	21	1,040	26	480
Profit for the period	**14,749**	**5,285**	**19,876**	**10,982**
Profit per share				
Basic	0.92	0.36	1.26	0.75
Diluted	0.88	0.35	1.22	0.73

(1) See “Non-IFRS Measures”.

Impact of Foreign Exchange

Sales and Adjusted EBITDA

AGI’s average rate of exchange for the three and six months ended June 30, 2017 was $1.35 (2016 - $1.29) and $1.34 (2016 - $1.33), respectively. A lower Canadian dollar results in an increase in reported sales for AGI as U.S. dollar denominated sales are translated into Canadian dollars at a higher rate. Similarly, a lower Canadian dollar results in increased costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a lower Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel. On balance, adjusted EBITDA benefits from a lower Canadian dollar.

Gains and Losses on Foreign Exchange

AGI's realized loss on foreign exchange forward contracts in the three and six-month periods ended June 30, 2017 were nil and $0.7 million, respectively (2016 - $2.7 million and $6.3 million, respectively). As at June 30 2017, AGI has no outstanding foreign exchange contracts and U.S. $18.0 million of put options with 2017 maturities at a strike price of $1.25. Currency fluctuations also result in non-cash gains or losses on foreign exchange. See "Financial Instruments – Foreign exchange contracts".

General and Administrative Expenses

SG&A expenses in the three and six month periods ended June 30, 2017 were $35.5 million (16% of trade sales) and $66.8 million (18%), respectively 2016 - $25.6 million (18%) and $48.6 million (19%), respectively. Excluding acquisitions, SG&A expenses in the three and six months ended June 30, 2017 were $23.8 million and $50.0 million, respectively (2016 - $24.6 million and $47.4 million, respectively).

The increase in the three-month period ended June 30, 2017 compared to 2016 is the result of a number of variances, none of which exceed $0.5 million. The increase in the six-month period ended June 30, 2017 compared to 2016 is largely due to a $1.5 million increase in share based compensation expense that resulted from a change in estimated achievement. No other variances exceed $0.5 million.

Finance Costs

Finance costs in the three and six months ended June 30, 2017 were $9.1 million and $15.5 million, respectively (2016 – $5.9 million and $11.9 million, respectively). The higher expense in 2017 relates primarily to financing the acquisitions of Yargus (November 2016) and Global (April 2017). Finance costs in both periods include non-cash interest related to convertible debenture accretion, the amortization of deferred finance costs related to the convertible debentures, stand-by fees and other sundry cash interest.

Finance Income

Finance income in the three and six months ended June 30, 2017 was $5.2 million and $6.0 million, respectively (2016 – $nil and $2.1 million) and in both periods relates primarily to non-cash gains on the translation of the Company's U.S. dollar denominated long-term debt at the rate of exchange in effect at the end of the quarter.

Other Operating Expense (Income)

Other operating income in the three and six months ended June 30, 2017 was $4.1 million and $3.5 million, respectively (2016 – $3.7 million and $4.2 million) and in both periods relate primarily to gains on financial instruments (see "Equity Compensation Hedge").

Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets are categorized on the income statement in accordance with the function to which the underlying asset is related. The increase in 2017 primarily relates to acquisitions made throughout 2016 and the Global acquisition made in April 2017.

Income tax expense

For the three and six month periods ended June 30, 2017 the Company recorded current tax expense of $1.8 million (2016 – $4.4 million) and $4.2 million (2016 - $5.8 million). Current tax expense relates primarily to Ag Growth U.S. and Italy subsidiaries.

For the three and six month periods ended June 30, 2017 the Company recorded deferred tax expense of $4.4 million (2016 –recovery of ($1.4) million) and $5.2 million (2016 – recovery of ($1.5) million). Deferred tax expense in 2017 relates to the decrease of deferred tax assets plus an increase in deferred tax liabilities that related to recognition of temporary differences between the accounting and tax treatment of tax loss carryforwards and Canadian exploration expenses.

Upon conversion to a corporation from an income trust in June 2009 (the "Conversion") the Company received certain tax attributes that may be used to offset tax otherwise payable in Canada. The Company's Canadian taxable income is based on the results of its divisions domiciled in Canada, including the corporate office, and realized gains or losses on foreign exchange. For the six month period ended June 30, 2017, the Company offset $8.5 million of Canadian tax otherwise payable (2016 – $0.1 million). Through the use of these attributes and since the date of Conversion a cumulative amount of $46.7 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company's income statement. As at June 30, 2017, the balance sheet asset related to these unused attributes was $8.3 million.

Effective tax rate

	Three Months Ended June 30		**Six Months Ended June 30**	
(thousands of dollars)	**2017**	**2016**	**2017**	**2016**
Current tax expense	$1,891	$4,355	$4,184	$5,804
Deferred tax expense (recovery)	4,425	(1,386)	5,183	(1,451)
Total tax	$6,316	$2,969	$9,367	$4,353
Profit (loss) before taxes	$21,044	$7,214	$29,217	$14,855
Total tax %	30.0%	41.1%	32.1%	29.3%

The effective tax rate in 2016 and 2017 was impacted by items that were expensed for accounting purposes but were not deductible for tax purposes. These include non-cash losses on foreign exchange. See "Diluted profit per share and Diluted adjusted profit per share". The effective tax rate in 2017 was also impacted by tax losses not being recognized as a deferred tax asset related to the Brazilian operations.

Diluted profit per share and Diluted adjusted profit per share

Diluted profit per share in 2017 was $1.22 (2016 - $0.73). The increase is largely due to higher adjusted EBITDA being offset by transaction costs related to the acquisitions. Profit per share in 2016 and 2017 has been impacted by the items below:

	Three Months Ended June 30		Six Months Ended June 30	
(thousands of dollars except per share amounts)	2017	2016	2017	2016
Profit as reported	14,749	5,285	19,876	10,982
Diluted profit per share as reported	$0.88	$0.35	$1.22	$0.73
(Gain) loss on foreign exchange	(4,034)	2,807	(4,616)	2,578
Fair value of inventory from acquisition	2,503	-	2,731	-
M&A expenses (2)	3,870	732	5,499	950
Contingent consideration expense	361	385	713	449
Gain on financial instruments	(3,576)	(3,105)	(2,601)	(3,425)
Loss (gain) on sale of PP&E (3)	30	(38)	12	(28)
Impairment charge (3)	-	3,796	-	3,796
Adjusted profit (1)	**13,903**	**9,862**	**21,614**	**15,302**
Diluted adjusted profit per share (1)	**$0.84**	**$0.66**	**$1.33**	**$1.02**

(1) See "Non-IFRS Measures".
(2) Includes transaction costs, non-cash expenses related to recording inventory at fair value when acquiring companies and non-cash transaction costs.
(3) A loss on sale of PP&E was reported at June 30, 2016, as AGI performed a strategic review of its Mepu and Applegate divisions and recorded the assets of each at fair value. Both Applegate and Mepu were subsequently classified as discontinued operations and, accordingly, the loss on sale of PP&E has been reclassified as an impairment, and the impairment charge add-back in 2016 now includes all impairment items related to the dispositions. As a result, adjusted profit per share for the three and six-month periods increased from $0.59 and $0.99, respectively, to $0.66 and $1.02.

QUARTERLY FINANCIAL INFORMATION

(thousands of dollars other than per share data and exchange rate):

2017					
	Average USD/CAD Exchange Rate	Sales	Profit	Basic Profit per Share	Diluted Profit per Share
Q1	1.32	154,536	5,127	0.33	0.33
Q2	1.35	221,065	14,749	0.92	0.88
YTD	**1.34**	**375,601**	**19,876**	**1.26**	**1.22**

2016								
			From Continuing Operations			Total(1)		
	Avg USD / CAD FX Rate	Sales	Profit	Basic Profit per Share	Diluted Profit per Share	Profit	Basic Profit per Share	Diluted Profit per Share
Q1	1.38	111,723	6,257	$0.43	$0.42	5,697	$0.39	$0.38
Q2	1.29	140,837	4,245	$0.29	$0.28	5,285	$0.36	$0.35
Q3	1.34	158,680	12,952	$0.87	$0.84	13,034	$0.88	$0.85
Q4	1.32	120,376	(4,501)	($0.30)	($0.30)	(4,710)	($0.32)	($0.32)
YTD	**1.32**	**531,616**	**18,953**	**$1.29**	**$1.27**	**19,306**	**$1.31**	**$1.29**

(1) Include results from Applegate and Mepu which were classified as discontinued operations in 2016.

2015(1)					
	Average USD/CAD Exchange Rate	Sales	Profit / (Loss)	Basic Profit (loss) per Share	Diluted Profit (loss) per Share
Q1	1.23	87,259	(3,409)	($0.26)	($0.26)
Q2	1.24	122,396	8,173	$0.60	$0.58
Q3	1.30	125,590	(8,638)	($0.60)	($0.60)
Q4	1.33	114,239	(21,355)	($1.48)	($1.48)
YTD	**1.27**	**449,484**	**(25,229)**	**($1.81)**	**($1.81)**

(1) As reported. AGI divisions Applegate and Mepu were classified as discontinued operations in 2016.

The following factors impact the comparison between periods in the table above:

- AGI's acquisition of Westeel (Q2 2015), VIS (Q4 2015), Entringer (Q1 2016), NuVision (Q2 2016), Mitchell (Q3 2016), Yargus (Q4 2016) and Global (Q2 2017) significantly impacts comparisons between periods of assets, liabilities and operating results. See "Basis of Presentation - Acquisitions".
- The loss and loss per share in the fourth quarter of 2015 was significantly impacted by an asset impairment charge of $13.4 million at the Mepu and Applegate divisions.
- Sales, gain (loss) on foreign exchange, profit, and profit per share in all periods are impacted by the rate of exchange between the Canadian and U.S. dollars.

Interim period sales and profit historically reflect seasonality. The second and third quarters are typically the strongest primarily due to the timing of construction of commercial projects and higher in-season demand at the farm level. The seasonality of AGI's business may be impacted by several factors including weather and the timing and quality of harvest in North America.

LIQUIDITY AND CAPITAL RESOURCES

AGI's financing requirements are subject to variations due to the seasonal and cyclical nature of its business. Our sales historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and our cash flow has been lower in the first half of each calendar year. Internally generated funds are supplemented when necessary from external sources, primarily the Credit Facility (as defined below), to fund the Company's working capital requirements, capital expenditures and dividends. The Company believes that the debt facilities and convertible debentures described under "Capital Resources", together with available cash and internally generated funds, are sufficient to support its working capital, capital expenditure, dividend and debt service requirements.

CASH FLOW AND LIQUIDITY

(thousands of dollars)	Three Months Ended June 30 2017	Three Months Ended June 30 2016	Six Months Ended June 30 2017	Six Months Ended June 30 2016
Profit before tax from continuing operations	21,044	7,214	29,217	14,855
Items not involving current cash flows	3,926	11,511	12,074	12,712
Cash provided by operations	24,970	18,725	41,291	27,567
Costs related to put-option	(48)		(48)	
Net change in non-cash working capital	(11,408)	(10,010)	(10,476)	(15,520)
Income tax paid	(5,729)	(931)	(7,823)	(1,063)
Cash flows provided by operating activities	7,785	7,784	22,944	10,984
Cash used in investing activities	(159,664)	(7,584)	(184,416)	(25,892)
Cash provided by (used in) financing activities	181,652	(7,609)	233,852	(15,074)
Net increase (decrease) in cash from continuing operations during the period	29,773	(7,409)	72,380	(29,982)
Net decrease in cash from discontinued operations	39	19	26	(126)
Cash, beginning of period	45,368	35,516	2,774	58,234
Cash, end of period	**75,180**	**28,126**	**75,180**	**28,126**

Cash provided by operations increased compared to the prior year due to higher EBITDA. Cash used in investing activities includes the acquisition of Global in Q2 2017 and capital expenditures. Cash provided by financing activities includes $60.8 million net proceeds from AGI's February 2017 equity offering, a portion of the proceeds of which were used to partially finance the acquisition of Global, and long-term debt drawn to partially finance the acquisition of Global.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable are weighted towards the third and fourth quarters. This collection pattern, combined with historically high sales in the second and third quarters that result from seasonality, typically lead to accounts receivable levels increasing throughout the year and peaking in the third quarter. Inventory levels typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as sales levels exceed production. Requirements for 2017 are expected to be generally consistent with historical patterns however recent acquisitions have had the effect of increasing working capital requirements in Q4 and Q1. Growth in international business may result in an increase in the number of days accounts receivable remain outstanding and result in increased usage of working capital in certain quarters. Working capital may also be deployed to secure steel supply and pricing. The acquisition of Global is not expected to significantly impact AGI's working capital requirements.

Capital Expenditures

Maintenance capital expenditures in the three and six months ended June 30, 2017 were $2.6 million (1.2% of trade sales) and $5.6 million (1.5%), respectively [2016 - $1.1 million (0.7%) and $2.0 million (0.8%)]. Management generally anticipates maintenance capital expenditures in a fiscal year to approximate 1.0% - 1.5% of sales. Maintenance capital expenditures in 2017 relate primarily to purchases of manufacturing equipment and building repairs and were funded through cash on hand, bank indebtedness and cash from operations.

AGI defines maintenance capital expenditures as cash outlays required to maintain plant and equipment at current operating capacity and efficiency levels. Non-maintenance capital expenditures encompass other investments, including cash outlays required to increase operating capacity or improve operating efficiency. AGI had non-maintenance capital expenditures of $30.9 million in 2017 (2016 - $1.6 million). In 2017, non-maintenance capital expenditures relate primarily to the construction of AGI's production facility in Brazil ($17.3 million) and the purchase of a previously leased manufacturing facility in Italy ($9.6 million). Management estimates an additional $5 million will be required to complete the project in Brazil. Non-maintenance capital expenditures for the balance of 2017 are expected to approximate $10 million.

Maintenance and non-maintenance capital expenditures in 2017 are expected to be financed through bank indebtedness, cash on hand or through the Company's Credit Facility (see "Capital Resources").

CONTRACTUAL OBLIGATIONS

(thousands of dollars)	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022+**
2013 Debentures	86,250	0	86,250	0	0	0	0
2014 Debentures	51,750	0	0	51,750	0	0	0
2015 Debentures	75,000	0	0	0	75,000	0	0
2017 Debentures	86,250	0	0	0	0	0	86,250
Long-term debt	310,953	0	0	0	0	213,510	97,443
Finance lease	1,620	256	1,065	142	129	28	0
Operating leases	8,501	1,421	2,126	1,581	1,119	835	1,419
Due to vendor	31,782	5,059	9,089	10,647	4,158	2,829	0
Contingent considerations	9,908	3,000	3,000	3,908	0	0	0
Purchase obligations(1)	2,673	2,673	0	0	0	0	0
Total obligations	**664,687**	**12,409**	**101,530**	**68,028**	**80,406**	**217,202**	**185,112**

(1) Net of deposit.

The Debentures relate to the aggregate principal amount of the convertible debentures (see "Convertible Debentures") and long-term debt is comprised of a revolver facility, term debt and non-amortizing notes (see "Capital Resources").

CAPITAL RESOURCES

Assets and Liabilities

(thousands of dollars)	June 30 2017	June 30 2016
Total assets	1,148,385	755,971
Total liabilities	846,282	518,838

Cash

The Company's cash balance at June 30, 2017 was $75.2 million (December 31, 2016 - $2.8 million; June 30, 2016 - $28.1 million). The increase in cash is partially the result of financing activities in the first half of 2017 exceeding investing requirements.

Debt Facilities

(thousands of dollars)	Currency	Maturity	Total Facility (CAD)	Amount Drawn	Interest Rate [(3)]
Operating Facility	CAD	2021	20,000	0	4.10%
Operating Facility	USD	2021	9,084	0	5.00%
Revolver [(1)(2)]	CAD/USD	2021	168,000[(2)]	163,510	3.73% - 4.50%
Term Loan A [(1)]	CAD	2021	50,000	50,000	3.60%
Term Loan B [(1)]	CAD	2022	40,000	40,000	4.32%
Series B Notes	CAD	2025	25,000	25,000	4.44%
Series C Notes	USD	2026	32,443	32,443	3.70%
Accordion	CAD	2021	75,000	0	5.00%
Total			**419,527**	**310,953**	

(1) Interest rate fixed via interest rate swaps. See "Interest Rate Swaps".
(2) Revolver facilities have a maximum combined total of $168 million and can be drawn in CAD or USD.
(3) As at June 30, 2017.

The Company has a credit facility (the "Credit Facility") with a syndicate of Canadian chartered banks that includes committed revolver facilities of $168 million from which CAD or USD can be drawn and a $75 million accordion feature which is undrawn. The Company's Term Loans A and B are with the same chartered banks with which it has the Credit Facility. Amounts drawn under the Credit Facility bear interest at LIBOR plus 1.50% to LIBOR plus 3.00%, prime plus 0.2% to prime plus 1.75%, BA plus 1.50% to BA plus 3.0%, or BA plus 2.50% per annum based on performance calculations. In the second quarter of 2017, the Company extended the maturity date of the Credit Facility, on largely the same terms and conditions, from 2019 to 2021.

The Company has issued US $25.0 million and CAD $25.0 million aggregate principal amount secured notes through a note purchase and private shelf agreement (the "Series B and Series C Notes"). The Series B and C Notes are non-amortizing. AGI is subject to certain financial covenants, including a maximum leverage ratio and a minimum debt service ratio, and is in compliance with all financial covenants.

Convertible Debentures

Summary of key terms

Year Issued	Aggregate Principal Amount	Coupon	Conversion Price	Maturity Date	Redeemable at Par (1)(2)
2013 (AFN.DB.A)	86,250,000	5.25%	55.00	Dec 31, 2018	Jan 1, 2018
2014 (AFN.DB.B)	51,750,000	5.25%	65.57	Dec 31, 2019	Jan 1, 2019
2015 (AFN.DB.C)	75,000,000	5.00%	60.00	Dec 31, 2020	Jan 1, 2020
2017 (AFN.DB.D)	86,250,000	4.85%	83.45	Jun 30, 2022	Jun 30, 2021

(1) At the option of the Company, at par plus accrued and unpaid interest.
(2) In the twelve-month period prior to the date on which the Company may, at its option, redeem any series of convertible debentures at par plus accrued and unpaid interest, such convertible debentures may be redeemed, in whole or in part, at the option of the Company at a price equal to their principal amount plus accrued and unpaid interest, provided that the volume weighted average trading price of the common shares ("Common Shares") of the Company during the 20 consecutive trading days ending on the fifth trading day preceding the date on which the notice of redemption is given is not less than 125% of the conversion price.

On redemption or at maturity of any of series of convertible debentures, the Company may, at its option, subject to regulatory approval and provided that no event of default has occurred with respect to such series of debentures, elect to satisfy its obligation to pay the principal amount of such debentures, in whole or in part, by issuing and delivering for each $100 due that number of freely tradeable Common Shares obtained by dividing $100 by 95% of the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending on the fifth trading day preceding the date fixed for redemption or the maturity date, as the case may be. Any accrued and unpaid interest thereon will be paid in cash. The Company may also elect, subject to any required regulatory approval and provided that no event of default has occurred with respect to the applicable series of debentures, to satisfy all or part of its obligation to pay interest on such debentures by delivering sufficient freely tradeable Common Shares to satisfy its interest obligation.

COMMON SHARES

The following number of Common Shares were issued and outstanding at the dates indicated:

	# Common Shares
December 31, 2016	14,781,643
Share issuance in February 2017	1,150,000
Shares issued under EIAP	112,302
Shares issued under DRIP	44,442
June 30, 2017	16,088,387
Shares issued under DRIP in July 2017	7,221
August 10, 2017	16,095,608

A total of 915,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan (the “EIAP”). As at June 30, 2017, a total of 329,921 restricted Share Awards (“RSUs”) have been granted and 168,423 remain outstanding. As at June 30, 2017, 406,771 performance Share Awards (“PSUs”) have been granted and 213,157 remain outstanding.

A total of 66,790 deferred grants of Common Shares have been granted under the Company's Directors' Deferred Compensation Plan and 18,436 Common Shares have been issued.

A total of 4,640,966 Common Shares are issuable on conversion of the outstanding convertible debentures.

AGI's Common Shares trade on the TSX under the symbol AFN.

DIVIDENDS

In the three months ended June 30, 2017 AGI declared dividends to shareholders of $9.6 million (2016 - $8.8 million) and in the six months ended June 30, 2017 AGI declared dividends to shareholders of $19.0 million (2016 - $17.6 million). AGI's policy is to pay monthly dividends. The Company's Board of Directors reviews financial performance and other factors when assessing dividend levels. An adjustment to dividend levels may be made at such time as the Board determines an adjustment to be appropriate. Dividends in a fiscal year are typically funded entirely through cash from operations, although due to seasonality dividends may be funded on a short-term basis by the Company's operating lines, and through the DRIP. In the three-month period ended June 30, 2017, dividends paid to shareholders were financed $8,325 (2016 – $7,522) from cash on hand and $1,323 (2016 – $1,291) by the DRIP. In the six-month period ended June 30, 2017, dividends paid to shareholders were financed $16,662 (2016 – $14,842) from cash on hand and $2,342 (2016 – $2,749) by the DRIP.

FUNDS FROM OPERATIONS AND PAYOUT RATIO

Funds from operations ("FFO"), defined under "Non-IFRS Measures", is adjusted EBITDA less cash taxes, cash interest expense, realized losses on foreign exchange and maintenance capital expenditures. The objective of presenting this measure is to provide a measure of free cash flow. The definition excludes changes in working capital as they are necessary to drive organic growth and have historically been financed by the Company's operating facility (See "Capital Resources"). Funds from operations should not be construed as an alternative to cash flows from operating, investing, and financing activities as a measure of the Company's liquidity and cash flows.

(thousands of dollars)	Six Months Ended June 30 2017	2016	Last Twelve Months Ended June 30 2017	2016
Adjusted EBITDA	66,001	45,790	120,640	79,570
Interest expense	(15,452)	(11,886)	(27,591)	(23,300)
Non-cash interest	2,471	2,153	4,681	4,006
Cash taxes	(7,823)	(1,063)	(16,480)	(3,517)
Maintenance CAPEX	(5,648)	(2,041)	(7,358)	(2,593)
Realized loss on FX contracts	(710)	(6,251)	(8,867)	(17,842)
Funds from operations	**38,839**	**26,702**	**65,025**	**36,324**
Dividends	19,004	17,591	36,710	34,021
Payout Ratio	**49%**	**66%**	**56%**	**94%**

The Company's LTM payout ratio as at both June 30, 2016 and June 30, 2017 was negatively impacted by realized losses on foreign exchange contracts. Excluding these losses, the Company's LTM payout ratio as at June 30, 2017 and 2016 was 50% and 63%, respectively. See "Financial Instruments - Foreign exchange contracts".

FINANCIAL INSTRUMENTS

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter foreign exchange contracts to partially mitigate its foreign exchange risk. AGI has no forward foreign exchange contracts outstanding and as at June 30, 2017 had outstanding contracts for U.S. $18 million of Put options with maturities in 2017 and a strike price of $1.25. The Company has elected to apply hedge accounting for these contracts and the unrealized gain has been recognized in other comprehensive income.

Interest Rate Swaps

The Company has entered into interest rate swap contracts to manage its exposure to fluctuations in interest rates.

	Currency	Maturity	Amount of Swap (000's)	Fixed Rate(2)
Term Loan A	CAD	2021	50,000	3.59%
Term Loan B	CAD	2022	40,000	4.32%
Revolver (1)	USD	2021	49,313	3.73%

(1) USD $38.0 million converted at the rate of exchange at June 30, 2017.
(2) With performance adjustments.

The change in fair value of the interest rate swap contracts in place as at June 30, 2017 was an unrealize gain of $0.1 million. The Company has elected to apply hedge accounting for these contracts and the unrealized gain has been recognized in other comprehensive income.

Equity Compensation hedge

The Company holds an equity swap agreement with a financial institution to manage the cash flow exposure due to fluctuations in its share price related to the EIAP. As at June 30, 2017, the equity swap agreement covered 500,000 Common Shares at a price of $34.10. The agreement matures on March 22, 2019.

RELATED PARTIES

Burnet, Duckworth & Palmer LLP provides legal services to the Company and a Director of AGI is a partner of Burnet, Duckworth & Palmer LLP. The total cost of these legal services related to an equity offering and general matters were $261 during the six months ended June 30, 2017 [2016 – $60], and $50 is included in accounts payable and accrued liabilities as at June 30, 2017. These transactions are measured at the exchange amount and were incurred during the normal course of business.

Salthammer Inc. provides consulting services to the Company and a Director of AGI is the owner of Salthammer Inc. The total cost of these consulting services related to international plant expansion project was $104 during the six-month period ended June 30, 2017 [2016 – nil], and $12 is included in accounts payable and accrued liabilities as at June 30, 2017.

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company’s 2016 audited annual consolidated financial statements and management’s discussion and analysis are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 in the audited consolidated financial statements for the year ended December 31, 2016 for a discussion regarding the significant accounting judgments, estimates and assumptions.

RISKS AND UNCERTAINTIES

The Company and its business are subject to numerous risks and uncertainties which are described in the Company’s Annual MD&A and most recent Annual Information Form, which are available under the Company's profile on SEDAR (www.sedar.com). These risks and uncertainties are not the only risks and uncertainties we face. Additional risks and uncertainties not currently known to us or that we currently consider immaterial also may impair operations. If any of these risks actually occur, our business, results of operations and financial condition, and the amount of cash available for dividends could be materially adversely affected. Except as described under "Risks and Uncertainties" in the Company's (final) prospectus dated April 8, 2017, which is available under the Company's profile on SEDAR (www.sedar.com), no changes or additional risks and uncertainties have been identified by the Company in the current period.

CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

Financial instruments: classification and measurement ["IFRS 9"]
In July 2014, on completion of the impairment phase of the project to reform accounting for financial instruments and replace IAS 39, Financial Instruments: Recognition and Measurement, the IASB issued the final version of IFRS 9, Financial Instruments. IFRS 9 includes guidance on the classification and measurement of financial assets and financial liabilities, impairment of financial assets [i.e., recognition of credit losses], and a new hedge accounting model. Under the classification and measurement requirements for financial assets, financial assets must be classified and measured at either amortized cost or at FVTPL or through other comprehensive income, depending on the basis of the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial asset. The classification requirements for financial liabilities are unchanged from IAS 39. IFRS 9 requirements address the problem of volatility in net earnings arising from an issuer choosing to measure certain liabilities at fair value and require that the portion of the change in fair value due to changes in the entity's own credit risk be presented in other comprehensive income, rather than within net earnings. The new general hedge accounting model is intended to be simpler and more closely focused on how an entity manages its risks, replaces the IAS 39 effectiveness testing requirements with the principle of an economic relationship, and eliminates the requirement for retrospective assessment of hedge effectiveness. The new requirements for impairment of financial assets introduce an expected loss impairment model that requires more timely recognition of expected credit losses. IAS 39 impairment requirements are based on an incurred loss model where credit losses are not recognized until there is evidence of a trigger event. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

Revenue from Contracts with Customers ["IFRS 15"]
IFRS 15, Revenue from Contracts with Customers, issued by the IASB in May 2014, is applicable to all revenue contracts and provides a model for the recognition and measurement of gains or losses from sales of some non-financial assets. The core principle is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively [for example, service revenue and contract modifications] and improve guidance for multiple-element arrangements. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively, with earlier adoption permitted. Entities will transition following either a full or modified retrospective approach.

The Company has commenced its assessment of IFRS 15 and developed its implementation project plan. The Company has identified and reviewed its significant revenue contracts and is in the process of assessing the quantitative impact as a result of the adoption of IFRS 15. The Company will continue its review and finalize quantifying the effects in the latter half of 2017.

Leases ["IFRS 16"]
In January 2016, the IASB released IFRS 16, Leases, to replace the previous leases Standard, IAS 17, Leases, and related Interpretations. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, the customer [lessee] and the supplier [lessor]. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for those two types of leases differently.

IFRS 16 will be effective for the Company's fiscal year beginning on January 1, 2019, with earlier application permitted only if the Company applies IFRS 15. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

Share-based Payment ["IFRS 2"]
In June 2016, the IASB issued amendments to IFRS 2, Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments apply for annual periods beginning on or after January 1, 2018. The Company is currently evaluating the impact of the amendments to IFRS 2 on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including AGI's Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management of AGI is responsible for designing internal controls over financial reporting for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Subsequent to June 30, 2016 AGI acquired Mitchell, Yargus, and Global. See "Basis of Presentation - Acquisitions". Management has not completed its review of internal controls over financial reporting or disclosure controls and procedures for these acquired businesses. Since the acquisitions occurred within 365 days of the end of the reporting period, management has limited the scope of design, and subsequent evaluation, of disclosure controls and procedures and internal controls over financial reporting to exclude controls, policies and procedures of these acquisitions, as permitted under Section 3.3 of National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings*. For the period covered by this MD&A, management has undertaken specific procedures to satisfy itself with respect to the accuracy and completeness of the financial information of Mitchell, Yargus, and Global. The following is the summary financial information pertaining to Mitchell, Yargus and Global that were included in AGI's consolidated financial statements for the six-month ended June 30, 2017:

(thousands of dollars)	**Mitchell**	**Yargus**	**Global**
Revenue	17,741	26,294	37,373
Profit (loss)	2,479	(1,156)	(2,882)
Current assets[1]	12,361	18,400	59,807
Non-current assets[1]	23,821	59,827	97,699
Current liabilities[1]	4,940	15,584	21,628
Non-current liabilities[1]	6,695	435	0

Note 1 - Balance sheet as at June 30, 2017, net of intercompany

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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", "gross margin", "funds from operations", "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 MD&A, 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 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 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 from continuing operations before income taxes, finance costs, depreciation and amortization. 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, expenses related to corporate acquisition activity, fair value of inventory from acquisitions and impairment.. 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” 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" for the reconciliation of trade sales to sales.

References to “gross margin” are to trade sales less cost of inventories, and thereby excludes depreciation and amortization from cost of sales. Management believes that gross margin provides a useful supplemental measure in evaluating its performance. See "Operating Results – Gross Margin" for the calculation of gross margin.

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. See "Funds from Operations and Payout Ratio" for the calculation of funds from operations and payout ratio.

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” for the reconciliation of diluted profit per share and diluted adjusted profit per share to profit as reported.

In addition, this MD&A 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 MD&A 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 MD&A 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 MD&A 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 MD&A 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 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 and AGI’s failure to achieve the expected benefits of recent acquisitions. These risks and uncertainties are described under “Risks and Uncertainties” in this MD&A, the 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. 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 MD&A is made as of the date of this MD&A 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.

ADDITIONAL INFORMATION

Additional information relating to AGI, including AGI's most recent Annual Information Form, is available under the Company's profile on SEDAR (www.sedar.com).