

AG GROWTH INTERNATIONAL INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
Dated: November 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 nine-month periods ended September 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

(thousands of dollars except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Trade sales ⁽¹⁾⁽²⁾	205,666	162,970	582,596	420,186
Adjusted EBITDA ⁽¹⁾⁽²⁾⁽³⁾	36,081	36,291	102,082	82,081
Profit	15,588	13,034	35,464	24,016
Diluted profit per share	\$0.92	\$0.85	\$2.18	\$1.61
Adjusted profit ⁽¹⁾	12,984	17,365	34,598	32,667
Diluted adjusted profit per share ⁽¹⁾⁽⁴⁾	\$0.79	\$1.08	\$2.14	\$2.18

(1) See “Non-IFRS Measures”.

(2) See “Basis of Presentation - Acquisitions”.

(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 in Q3 2017 increased significantly over the prior year as improved demand for portable equipment in the U.S. Farm market and contributions from acquisitions more than offset a decrease in Commercial sales that resulted in part from the timing of customer deliveries. Higher trade sales did not translate into higher adjusted EBITDA due to a negative EBITDA contribution from AGI’s Brazilian operations and because EBITDA margins at recently acquired divisions, though in line with management expectations, do not yet reflect the full impact of realized purchasing and

personnel synergies and ongoing margin improvement initiatives. As a result, adjusted EBITDA in Q3 fell slightly below the very strong 2016 comparative. Adjusted profit declined from 2016, the result of higher interest and depreciation expenses, while profit and profit per share in Q3 increased over 2016 as lower adjusted profit was more than offset by a gain on foreign exchange in 2017, compared against a loss in 2016.

OUTLOOK

The Canadian Farm market remains healthy due to positive farmer economics and successive favorable harvests. However, the hot and dry weather that appeared early this summer continued throughout Q3, expediting harvest and negatively impacting demand for aeration and storage equipment later in the quarter, and similarly is expected to have a slight negative impact on demand in the fourth quarter. In the United States, demand for portable grain handling equipment continues to benefit from improving farmer economics and pent up demand. In addition, a late harvest in certain regions is expected to positively impact Q4 sales. On balance, excluding the acquisition of Global Industries, Inc. (“Global”), management anticipates the Company’s North American Farm sales in the fourth quarter to approximate 2016 results.

Canadian Commercial activity remains robust due to investments in Canadian grain handling infrastructure and the continued evolution of Canadian fertilizer distribution. In the United States, Commercial sales are expected to increase compared to 2016 as shipments deferred from Q3 are realized in the fourth quarter and into 2018. International Commercial sales are expected to increase compared to the prior year, due to continued robust demand in Europe, the Middle East and Africa (“EMEA”) and revenue related to recently consummated contracts in the Black Sea Region and South America. Overall, management expects Commercial sales in the fourth quarter of 2017 to increase over the prior year.

AGI has completed the first phase of its integration of Global and management expects to realize short-term purchasing and personnel synergies of approximately \$5 million. In addition, management believes there is an opportunity for future margin expansion through increased adoption of lean manufacturing and improved manufacturing processes. In the fourth quarter of 2017, U.S. demand for grain storage systems is expected to remain subdued in what is traditionally a seasonally weak quarter for Global.

On balance, management expectations with respect to the fourth quarter of 2017 are generally consistent with the outlook provided in the Company's management's discussion & analysis for the three and six-month periods ended June 30, 2017, as the addition of Commercial sales deferred to the fourth quarter is offset by lower than previously anticipated demand in the Canadian Farm market. Offshore, management anticipates a negative EBITDA contribution from operations in Brazil will be more than offset by an increase in international project business. On balance, management anticipates results in Q4 2017 will be above the prior year.

Looking ahead to 2018, management anticipates sales and EBITDA growth will result from a number of factors, most notably continued investment in Canadian Commercial infrastructure and an increase in Commercial international project sales. AGI’s domestic and international Commercial backlog as at September 30, 2017, includes a higher than typical book of business for 2018. AGI’s Farm business in the U.S. is expected to benefit from an incremental improvement in farmer economics and replacement of portable handling equipment, however the demand environment for U.S. storage systems is not expected to improve significantly and Farm demand in Canada may fall below the robust demand experienced in 2017. AGI’s results in fiscal 2018 are

also expected to benefit from an increased contribution related to its fertilizer platform, improved year-over-year results in Brazil and the realization of synergies at Global. On balance, based on current conditions, management anticipates continued year-over-year sales and EBITDA growth in 2018.

Demand in the fourth quarter of 2017 and fiscal 2018 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 may influence sales. Consistent with prior periods, Commercial sales are subject to the timing of customer commitment and delivery considerations. A stronger Canadian dollar relative to its U.S. counterpart negatively impacts AGI's profit and adjusted EBITDA, and future results may be impacted if the recent strengthening of the Canadian dollar is sustained. While the Company endeavors to mitigate its exposure to higher input costs through strategic procurement of steel, sales price increases and limiting the length of time commercial quotes remain valid, a number of factors, including the timing and pace of input price increases and U.S. trade action, may impact input pricing.

Basis of Presentation - Acquisitions

When comparing current year results to 2016, we have in some cases noted the impact of acquisitions made in 2016 and 2017. When noted, both the 2016 and 2017 periods exclude results from the acquisitions of Entringer Industrial S.A. ("Entringer") (March 15, 2016), NuVision Industries Inc. ("NuVision") (April 1, 2016), Mitchell Systems ("Mitchell") (July 18, 2016), Yargus Manufacturing ("Yargus") (November 15, 2016) and Global (April 4, 2017).

OPERATING RESULTS

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

The following table reconciles sales to trade sales.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
(thousands of dollars)	2017	2016	2017	2016
Trade sales	205,666	162,970	582,596	420,186
Foreign exchange gain (loss)	948	(4,290)	(381)	(8,946)
Sales	206,614	158,680	582,215	411,240

Trade Sales by Region

(thousands of dollars)	Three Months Ended September 30			Nine Months Ended September 30		
	2017	2016	Change	2017	2016	Change
Canada, excluding acquisitions	54,381	58,307	(3,926)	178,215	169,751	8,464
Acquisitions	9,521	8,915	606	40,668	14,003	26,665
Total Canada	63,902	67,222	(3,320)	218,883	183,754	35,129
US, excluding acquisitions	57,760	62,168	(4,408)	155,189	155,160	29
Acquisitions	43,054	1,350	41,704	96,498	1,350	95,148
Total US	100,814	63,518	37,296	251,687	156,510	95,177
International, excluding acquisitions	32,348	29,778	2,570	86,920	76,278	10,642
Acquisitions	8,602	2,452	6,150	25,106	3,644	21,462
Total International	40,950	32,230	8,720	112,026	79,922	32,104
Total excluding acquisitions	144,489	150,253	(5,764)	420,324	401,189	19,135
Total acquisitions	61,177	12,717	48,460	162,272	18,997	143,275
Total Trade Sales	205,666	162,970	42,696	582,596	420,186	162,410

Trade Sales by Category ⁽¹⁾

(thousands of dollars)	Three Months Ended September 30			Nine months Ended September 30		
	2017	2016	Change	2017	2016	Change
Farm	116,333	77,116	39,217	313,461	208,433	105,028
Commercial	89,333	85,854	3,479	269,135	211,753	57,382
Total	205,666	162,970	42,696	582,596	420,186	162,410

(1) See “Basis of Presentation – Farm and Commercial”

Canada

- For the three months ended September 30, 2017 and excluding acquisitions, trade sales decreased 7% compared to Q3 2016 as hot and dry weather expedited harvest, resulting in lower demand for storage and aeration products later in the quarter. In addition, Commercial sales decreased compared to 2016 as certain Commercial projects were deferred into Q4.
- For the nine months ended September 30, 2017 and excluding acquisitions, trade sales increased 9% compared to the first nine months of 2016 as strong sales across all Farm product categories, the result of positive farmer economics and favourable cop conditions, more than offset lower Commercial sales.
- Including acquisitions, trade sales in Canada decreased 5% in the three months ended September 30, 2017 and increased 19% in the nine months ended September 30, 2017.

Trade sales from acquisitions in the three and nine months ended September 30, 2017, were \$10 million and \$34 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.

United States

- Excluding acquisitions, trade sales in the three-month period ending September 30, 2017 decreased 7% compared to 2016. For the nine-month period then ended, excluding acquisitions, trade sales equalled the 2016 comparative. In both periods, improved demand for portable grain handling equipment was offset by lower sales of Commercial equipment, which was largely the result of the deferral of certain projects into Q4 2017 and 2018.
- Total trade sales in the U.S. increased 59% and 61% in the three and nine month periods ended September 30, 2017, respectively. Total sales related to acquisitions in Q3 were \$43 million and in the nine months ended September 30, 2017 were \$96 million. Demand for grain storage systems in the U.S. remained subdued, however total sales from acquisitions benefited from AGI's recent diversification into fertilizer and food processing equipment markets.

International

- For the three and nine month periods ended September 30, 2017, and excluding acquisitions, international trade sales increased 9% and 14%, respectively, compared to 2016. International trade sales in both periods reflect robust demand in EMEA and projects in South America and the Black Sea region.
- Including acquisitions, international trade sales increased 27% and 40%, respectively, in the three and nine months ended September 30, 2017. Trade sales related to acquisitions in these periods were \$9 million and \$25 million, respectively, and related primarily to sales from Yargus and Global.
- AGI's international project sale backlog has increased significantly in recent months and international project sales in the fourth quarter of 2017 and fiscal 2018 are expected to be higher than the comparative periods.

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

(thousands of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Trade sales ⁽¹⁾	205,666	162,970	582,596	420,186
Cost of inventories	144,039	105,449	396,815	272,402
Gross margin ⁽¹⁾	61,627	57,521	185,781	147,784
Gross margin as a % of trade sales	30.0%	35.3%	31.9%	35.2%

(1) See "Non-IFRS measures".

Gross margin as a percentage of trade sales decreased compared to 2016 due primarily to the impact of AGI's Brazilian operations and acquisitions made in 2016 and 2017. Excluding these items, gross margin for the three and nine month periods ended September 30, 2017 was 34.8% and 36.0%, respectively (2016 – 35.5% and 35.0%). Management anticipates gross margin percentages in Brazil will improve subsequent to final commissioning of the new production facility, and will benefit from higher sales volumes in 2018. In addition, gross margin percentages at AGI's most significant recent acquisitions, Yargus and Global, do not yet fully reflect purchasing and personnel synergies or ongoing margin improvement initiatives.

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

The following table reconciles profit from continuing operations before income taxes to EBITDA and Adjusted EBITDA.

(thousands of dollars)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2017	2016	2017	2016
Profit from continuing operations before income taxes	20,255	18,617	49,472	33,472
Finance costs	9,284	6,058	24,736	17,944
Depreciation and amortization	7,594	5,530	22,306	16,939
EBITDA ⁽¹⁾	37,133	30,205	96,514	68,355
Loss (gain) on foreign exchange	(8,453)	4,560	(13,069)	7,138
Share based compensation	1,552	1,755	6,434	5,075
Loss (gain) on financial instruments ⁽²⁾	2,255	(1,735)	(346)	(5,160)
M&A expenses ⁽³⁾	1,620	1,374	7,832	2,773
Gain on sale of PP&E	(978)	(131)	(966)	(159)
Fair value of inventory from acquisitions ⁽⁴⁾	2,307	0	5,038	0
Impairment ⁽⁵⁾	645	263	645	4,059
Adjusted EBITDA ⁽¹⁾	36,081	36,291	102,082	82,081

(1) See "Non-IFRS Measures".

(2) See "Equity Compensation Hedge".

(3) Includes cash and non-cash transaction costs, including the non-cash amortization of contingent consideration expenses.

(4) Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost as at the date of acquisition. Amounts in 2016 were not considered material and accordingly were not added back to adjusted EBITDA.

(5) To record assets held for sale at estimated fair value.

DETAILED OPERATING RESULTS

(thousands of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Sales				
Trade sales ⁽¹⁾	205,666	162,970	582,596	420,186
Foreign exchange loss	948	(4,290)	(381)	(8,946)
	206,614	158,680	582,215	411,240
Cost of goods sold				
Cost of inventories	144,039	105,449	396,815	272,402
Depreciation/amortization	4,479	3,925	14,678	11,161
	148,518	109,374	411,493	283,563
Selling, general and administrative expenses				
SG&A expenses	30,876	23,512	97,600	72,123
M&A expenses	1,620	1,374	7,832	2,773
Depreciation/amortization	3,115	1,605	7,628	5,778
Other operating (income) expenses				
Net gain on disposal of PP&E	(23)	(131)	(11)	(143)
Net gain on assets held for sale	(955)	0	(955)	(16)
Other	831	(2,262)	(2,704)	(6,466)
	(147)	(2,393)	(3,670)	(6,625)
Impairment charge	645	263	645	4,059
Finance costs	9,284	6,058	24,736	17,944
Finance (income) expense	(7,552)	270	(13,521)	(1,847)
Profit from continuing operations before income taxes	20,255	18,617	49,472	33,472
Income tax expense	4,666	5,665	14,033	10,018
Profit for the period from continuing operations	15,589	12,952	35,439	23,454
Profit (loss) from discontinued operations	(1)	82	25	562
Profit for the period	15,588	13,034	35,464	24,016
Profit per share				
Basic	0.97	0.88	2.24	1.64
Diluted	0.92	0.85	2.18	1.61

(1) See “Non-IFRS Measures”.

Impact of Foreign Exchange

Sales and Adjusted EBITDA

AGI's average rate of exchange for the three and nine months ended September 30, 2017 was \$1.26 (2016 - \$1.34) and \$1.31 (2016 - \$1.32), respectively. A stronger Canadian dollar relative to its U.S. dollar counterpart results in lower reported sales for AGI as U.S. dollar denominated sales are translated into Canadian dollars at a lower rate. Similarly, a stronger Canadian dollar results in lower costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a stronger Canadian dollar may result in lower input costs of certain Canadian dollar denominated inputs, including steel. On balance, adjusted EBITDA decreases when the Canadian dollar strengthens relative to the U.S. dollar.

Gains and Losses on Foreign Exchange

AGI's realized loss on foreign exchange forward contracts in the three and nine-month periods ended September 30, 2017 were nil and \$0.7 million, respectively (2016 – losses of \$4.3 million and \$10.6 million, respectively). As at September 30, 2017, AGI has no outstanding forward foreign exchange contracts and U.S. \$9.0 million of put options with 2017 maturities at a strike price of \$1.25. AGI's total gain on foreign exchange, including non-cash translation gains, was \$8.4 million and \$13.1 million for the three and nine month periods ended September 30, 2017, respectively (2016 losses of \$4.6 million and \$7.1 million), and were primarily related to 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. See also "Financial Instruments – Foreign exchange contracts".

General and Administrative Expenses

SG&A expenses in the three and nine-month periods ended September 30, 2017 were \$30.9 million (15% of trade sales) and \$97.6 million (17% of trade sales), respectively (2016 - \$23.5 million (14%) and \$72.1 million (17%)). Excluding acquisitions, SG&A expenses in the three and nine months ended September 30, 2017 were \$21.6 million and \$71.6 million, respectively (2016 - \$22.8 million and \$71.4 million).

The decrease (net of acquisitions) in the three-month period ended September 30, 2017 compared to 2016 is the result of a number of variances, none of which exceed \$0.5 million. The decrease in the nine-month period ended September 30, 2017 compared to 2016 is largely due to a \$1.4 million increase in share based compensation expense offset by a number of variances, none of which exceed \$0.5 million.

Finance Costs

Finance costs in the three and six months ended September 30, 2017 were \$9.3 million and \$24.7 million, respectively (2016 – \$6.1 million and \$17.9 million). 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 nine months ended September 30, 2017 was \$7.5 million and \$13.5 million, respectively (2016 – losses of \$0.3 and income of \$1.8 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 months ended September 30, 2017 was \$0.1 million and for the nine-month period ended September 30, 2017 other operating income of \$3.7 million, (2016 – income of \$2.4 million and \$6.6 million) in both periods relate primarily to changes in financial instruments (see “Equity Compensation Hedge”), gain on sale of property plant and equipment and income related to a negotiated decrease in an amount due to vendor.

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

Current income tax expense

For the three and nine month periods ended September 30, 2017 the Company recorded current tax expense of \$1.5 million (2016 – \$4.4 million) and \$5.7 million (2016 - \$10.2 million). Current tax expense relates primarily to AGI’s U.S. and Italian subsidiaries.

Deferred income tax expense

For the three and nine month periods ended September 30, 2017 the Company recorded deferred tax expense of \$3.1 million (2016 – \$1.2 million) and \$8.3 million (2016 – recovery of \$0.2 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 property, plant and equipment and other assets, 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 nine-month period ended September 30, 2017, the Company offset \$12.1 million of Canadian tax otherwise payable (2016 – \$2.0 million). Through the use of these attributes and since the date of Conversion a cumulative amount of \$50.3 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company’s income statement. As at September 30, 2017, the balance sheet asset related to these unused attributes was \$4.6 million.

Effective tax rate

(thousands of dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Current tax expense	1,541	4,426	5,725	10,230
Deferred tax expense (recovery)	3,125	1,239	8,308	(212)
Total tax	4,666	5,665	14,033	10,018
Profit (loss) before taxes	20,255	18,617	49,472	33,472
Total tax %	23.0%	30.4%	28.4%	29.9%

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 gains and 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 the three and nine months ended September 30, 2017 was \$0.92 and \$2.18, respectively (2016 - \$0.85 and \$1.61). The increase is largely due gains on foreign exchange being offset by transaction costs related to acquisitions. Adjusted profit per share in Q3 decreased compared to 2016 due to higher finance costs and depreciation and amortization related to newly acquired companies. Profit per share in 2016 and 2017 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit:

(thousands of dollars except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Profit	15,588	13,034	35,464	24,016
Diluted profit per share	0.92	0.85	2.18	1.61
(Gain) loss on foreign exchange	(8,453)	4,560	(13,069)	7,138
Fair value of inventory from acquisition ⁽²⁾	2,307	0	5,038	0
M&A expenses ⁽³⁾	1,620	1,374	7,832	2,773
Gain on financial instruments	2,255	(1,735)	(346)	(5,160)
(Gain) on sale of PP&E	(978)	(131)	(966)	(159)
Impairment charge ⁽⁴⁾	645	263	645	4,059
Adjusted profit ⁽¹⁾	12,984	17,365	34,598	32,667
Diluted adjusted profit per share ⁽¹⁾	0.79	1.08	2.14	2.18

(1) See “Non-IFRS Measures”.

(2) Non-cash expenses related to the sale of inventory that acquisition accounting required be recorded at a value higher than manufacturing cost as at the date of acquisition. Amounts in 2016 were not considered material and accordingly were not added back to adjusted EBITDA.

(3) Includes transaction costs, non-cash expenses related to acquisition accounting and non-cash transaction costs.

(4) To record assets held for sale at estimated fair value.

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
Q3	1.26	206,614	15,588	0.97	0.92
YTD	1.31	582,215	35,464	2.24	2.18

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 acquisitions 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		Nine Months Ended	
	September 30		September 30	
	2017	2016	2017	2016
Profit before tax from continuing operations	20,255	18,617	49,472	33,472
Items not involving current cash flows	1,027	6,516	12,756	19,227
Cash provided by operations	21,282	25,133	62,228	52,699
Net change in non-cash working capital	10,911	9,543	710	(5,977)
Non-current accounts receivable and other	(1,971)	0	(3,160)	0
Income tax recovered (paid)	575	(5,010)	(7,248)	(6,073)
Cash flows provided by operating activities	30,797	29,666	52,530	40,649
Cash used in investing activities	(11,642)	(28,698)	(194,847)	(54,590)
Cash provided by (used in) financing activities	(8,946)	7,362	224,906	(7,712)
Net increase (decrease) in cash from continuing operations during the period	10,209	8,330	82,589	(21,653)
Net (decrease) increase in cash from discontinued operations	(1)	(61)	25	(186)
Cash, beginning of period	75,180	28,126	2,774	58,234
Cash, end of period	85,388	36,395	85,388	36,395

Cash flows provided by operating activities increased compared to prior year periods due to an increase in cash generated from working capital. 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 have been 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 has resulted 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 has also been deployed to secure steel supply and pricing. The acquisition of Global has not significantly impacted AGI's working capital requirements.

Capital Expenditures

Maintenance capital expenditures in the three and nine months ended September 30, 2017 were \$3.0 million (1.5% of trade sales) and \$8.6 million (1.5%), respectively [2016 - \$1.0 million (0.6%) and \$3.0 million (0.7%)]. 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 \$32.7 million in 2017 (2016 - \$17.6 million). In 2017, non-maintenance capital expenditures relate primarily to the construction of AGI's production facility in Brazil (\$18.2 million) and the purchase of a previously leased manufacturing facility in Italy (\$9.8 million). Management estimates an additional \$4.5 million will be required to complete the project in Brazil.

Maintenance and non-maintenance capital expenditures in 2017 have been 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	86,155	0	86,155	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	303,448	0	0	0	0	207,248	96,200
Finance lease	1,528	173	1,076	132	121	26	0
Operating leases	7,793	689	2,132	1,589	1,127	837	1,419
Due to vendor ⁽¹⁾	18,523	4,497	2,019	8,258	2,019	1,730	0
Contingent consideration	6,620	0	3,011	3,609	0	0	0
Purchase obligations ⁽²⁾	5,665	5,665	0	0	0	0	0
Total obligations	642,732	11,024	94,393	65,338	78,267	209,841	183,869

(1) Partially settled with AGI inventory.

(2) 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)	September 30 2017	September 30 2016
Total assets	1,120,122	796,807
Total liabilities	821,183	548,639

Cash

The Company’s cash balance at September 30, 2017 was \$85.4 million (December 31, 2016 - \$2.8 million; September 30, 2016 - \$36.4 million). The increase in cash is partially the result of financing activities 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	8,736	0	5.00%
Revolver ⁽¹⁾⁽²⁾	CAD/USD	2021	168,000	157,248	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	31,200	31,200	3.70%
Accordion	CAD	2021	75,000	0	5.00%
Total			417,936	303,448	

(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 September 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 covenant 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 of 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 / TSX Symbol	Aggregate Principal Amount	Coupon	Conversion Price	Maturity Date	Redeemable at Par ⁽¹⁾⁽²⁾
2013 (AFN.DB.A)	86,155,000	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.

In the three-month period ended September 30, 2017, holders of the 2013 Debentures exercised the conversion option for \$95,000 principal amount of the debentures and were issued 1,727 Common Shares.

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	133,570
Shares issued under DRIP	65,839
Conversion of 2013 Debentures	1,727
September 30, 2017	16,132,779
Shares issued from DRIP	9,762
November 10, 2017	16,142,541

At November 9, 2017:

- [16,132,779] Common Shares are outstanding;
- [915,000] Common Shares are available for issuance under the Company's Equity Award Incentive Plan (the "EIAP") - a total of [329,921] restricted Share Awards ("RSUs") have been granted and [148,090] remain outstanding and [406,771] performance Share Awards ("PSUs") have been granted and [213,157] remain outstanding;
- [68,527] deferred grants of Common Shares have been granted under the Company's Directors' Deferred Compensation Plan and [18,436] Common Shares have been issued; and
- [4,639,239] Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of \$299.2 million outstanding.

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

DIVIDENDS

In the three months ended September 30, 2017 AGI declared dividends to shareholders of \$9.7 million (2016 - \$8.8 million) and in the nine months ended September 30, 2017 AGI declared dividends to shareholders of \$28.7 million (2016 - \$26.4 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 September 30, 2017, dividends paid to shareholders were financed \$8,504 (2016 - \$7,614) from cash on hand and \$1,167 (2016 - \$1,227) by the DRIP. In the nine-month period ended September 30, 2017, dividends paid to shareholders were financed \$25,166 (2016 - \$22,456) from cash on hand and \$3,509 (2016 - \$3,976) 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)	Nine Months Ended September 30		Last Twelve Months Ended September 30	
	2017	2016	2017	2016
Adjusted EBITDA	102,082	82,081	120,430	96,149
Interest expense	(24,736)	(17,944)	(30,817)	(24,194)
Non-cash interest	3,906	3,252	5,017	4,317
Cash taxes	(7,248)	(6,073)	(10,895)	(6,704)
Maintenance CAPEX	(8,620)	(3,038)	(9,333)	(3,590)
Realized loss on FX contracts	(710)	(10,568)	(4,550)	(16,460)
Funds from operations	64,674	47,710	69,852	49,518
Dividends	28,675	26,432	37,540	35,137
Payout Ratio	44%	55%	54%	69%

The Company’s LTM payout ratio as at both September 30, 2016 and September 30, 2017 was negatively impacted by realized losses on foreign exchange contracts. Excluding these losses, the Company’s LTM payout ratio as at September 30, 2017 and 2016 was 50% and 53%, 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 September 30, 2017 had outstanding contracts for U.S. \$9 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	47,424	3.73%

(1) USD \$38.0 million converted at the rate of exchange at September 30, 2017.

(2) With performance adjustments.

The change in fair value of the interest rate swap contracts in place as at September 30, 2017 was an unrealized gain of \$1.1 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 September 30, 2017, the equity swap agreement covered 500,000 Common Shares at a price of \$34.10. The agreement matures on March 22, 2019.

ACQUISITION OF GLOBAL INDUSTRIES, INC. (April 4, 2017)

AGI acquired Global for U.S. \$100 million, subject to customary closing adjustments. 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'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.

BASIS OF PRESENTATION – Farm and Commercial

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 such as grain storage bins, 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 categories within both the Farm and Commercial businesses may vary significantly, 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	Q3	YTD 2017
Farm	76,275	120,853	116,333	313,461
Commercial	78,414	101,388	89,333	269,135
Total	154,689	222,241	205,666	582,596

Farm and Commercial trade sales – 2016

(thousands of dollars)	Q1	Q2	Q3	Q4	2016
Farm	63,769	67,548	77,116	59,254	267,687
Commercial	49,903	75,996	85,854	67,176	278,929
Total	113,672	143,544	162,970	126,430	546,616

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 nine months ended September 30, 2017 [2016 – \$135], and \$50 is included in accounts payable and accrued liabilities as at September 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 our international plant expansion project was \$132 during the nine-month period ended September 30, 2017 [2016 – nil], and \$13 is included in accounts payable and accrued liabilities as at September 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 Q4 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 September 30, 2016 AGI acquired 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 Yargus and Global. The following is the summary financial information pertaining to Yargus and Global that was included in AGI’s consolidated financial statements for the nine-months ended September 30, 2017:

(thousands of dollars)	Yargus/Global
Revenue	113,366
Profit (loss)	(4,979)
Current assets ¹	76,337
Non-current assets ¹	147,198
Current liabilities ¹	27,304
Non-current liabilities ¹	532

Note 1 - Balance sheet as at September 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 September 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, 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 exclude 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 (gain) loss on foreign exchange, fair value of inventory from acquisitions, 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 (collectively, "forward-looking information") within the meaning of applicable securities laws that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. All information and statements contained herein that are not clearly historical in nature constitute forward-looking information, and the words "anticipate", "believe", "continue", "could", "expects", "intend", "plans", "postulates", "predict", "will" or similar expressions suggesting future conditions or events or the negative of these terms are generally intended to identify forward-looking information. Forward-looking information involves known or unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. 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 our future financial results including sales, EBITDA 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 including from purchasing and personnel synergies and margin improvement initiative. 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, AGI's failure to achieve the expected benefits of recent acquisitions including to realize anticipated synergies and margin improvement and changes in trade relations between the countries in which the Company does business including between Canada and the United States. These risks and uncertainties are described under "Risks and Uncertainties" in 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).