AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: March 14, 2018

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the audited consolidated comparative financial statements and accompanying notes of Ag Growth International Inc. ("AGI", the "Company", "we", "our" or "us") for the year ended December 31, 2017. 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 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

	Year Ended December 31	
(thousands of dollars except per share amounts)	**2017**	**2016**
Trade sales [1][2]	755,605	546,616
Adjusted EBITDA [1][3]	123,329	100,307
Profit	35,196	19,306
Diluted profit per share	2.18	1.29
Adjusted profit [1]	39,449	36,898
Diluted adjusted profit per share [1][4]	2.44	2.47

(1) See "Non-IFRS Measures".
(2) See "Operating Results – Trade Sales"
(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 were at record levels in 2017, as broad-based strength in both the Farm and Commercial segments was complemented by contributions from acquisitions made in 2016 and 2017. AGI's Farm trade sales increased by 47% as a robust Canadian Farm market was complemented by improving market conditions in the U.S. and the May 2017 acquisition of Global Industries, Inc. ("Global"). Commercial trade sales increased by 29%, the result of higher international sales and contributions from 2016 acquisitions that expanded AGI's Commercial product offering and diversified its geographic reach and customer base. Higher adjusted EBITDA and a gain on foreign exchange more than offset higher finance costs related to the Global acquisition, resulting in an increase in unadjusted profit per share compared to the prior year, while diluted adjusted profit per share declined compared to 2016.

OUTLOOK

AGI's Farm business in 2018 is expected to benefit from increased demand in the U.S. for both portable grain handling equipment and grain storage systems. U.S. Farm sales are expected to increase due to pent-up demand, the result of under-investment in equipment over the last several years, and market expectations for another year of significant planted acreage. In addition, U.S. tax reform in 2018 may stimulate demand as many farmers will pay lower taxes and may be eligible for accelerated depreciation on equipment purchases. In Canada, demand is expected to continue to benefit from positive markets, however a dry and early harvest in certain areas has resulted in a degree of carryover in dealer inventory, and Canadian Farm sales in fiscal 2018 may not reach the record sales of 2017. Management anticipates results at recently acquired Global will benefit from increased demand for grain storage systems, synergies realized throughout 2017 and improvements in manufacturing efficiencies. Overall, Farm backlogs are significantly higher than the prior year, and based on current conditions management anticipates that Farm sales in fiscal 2018 will be above 2017 levels.

Commercial sales in Canada are expected to increase significantly in 2018 due to strong demand for both grain and fertilizer storage and handling facilities. The existing Canadian Commercial sales order backlog includes a significant portion of the total anticipated sales in 2018. In the United States, Commercial activity is expected to approximate 2017 levels due to ongoing maintenance capital expenditure programs and investments to increase capacity and productivity. In addition, U.S. tax reform in 2018 may encourage capital investment. AGI's fertilizer platform and equipment and system controls capabilities were strengthened by the acquisition of Junge Control Inc. ("Junge") in December 2017, and the continued development of these platforms is expected to increase Commercial sales in 2018. International sales will benefit from a record backlog entering fiscal 2018, as AGI delivers on a geographically diverse sales backlog, with particular strength in Eastern Europe and South America. Overall, management anticipates sales of Commercial equipment in 2018 will be higher than the prior year.

Management anticipates a positive contribution from AGI Brazil in 2018, compared to a loss in 2017. Farm sales in Brazil are expected to benefit from AGI's investment in its sales team throughout 2017, which has led to a higher opening backlog and an active quote log. Sales of Commercial equipment are expected to benefit from a higher opening backlog and product technology transferred from North America that will further enable AGI Brazil to service customers in South America with a complete Commercial solution. Access to capital and a cautious approach to capital investment continue to contribute to a competitive marketplace in Brazil, however AGI anticipates higher sales and manufacturing efficiencies will lead to a positive EBITDA contribution in 2018, particularly in the second half of the fiscal year.

On balance, management anticipates strength in both the Farm and Commercial sectors will lead to higher sales and adjusted EBITDA in 2018. Existing backlogs are high, particularly with respect to the Company's Farm business in the U.S. and its Canadian and international Commercial business. Improved results in Brazil, a higher contribution from the Global companies and the continued development of AGI's fertilizer and controls platforms are also expected to contribute to higher EBITDA in 2018.

Trade sales and adjusted EBITDA in 2018 will be influenced by, among other factors, weather patterns, crop conditions, the timing of harvest and conditions during harvest and changes in input prices, including steel. Dry soil conditions in certain regions of Canada and the United States have the potential to worsen, and may negatively impact crop yields. Steel prices have increased significantly in recent months, and market participants anticipate continued volatility in steel

markets, which may be exacerbated by U.S. trade actions, including the recent announcement of import tariffs under Section 232 of the Trade Expansion Act (USA). 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, however the pace and volatility of input price increases may negatively impact earnings. Other factors that may impact results in 2018 include the rate of exchange between the Canadian and U.S. dollars, changes in global macroeconomic factors as well as sociopolitical factors in certain local or regional markets, and the timing of Commercial customer commitments and deliveries.

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 Mill Systems Canada Lt. and Mitchell Mill Systems USA, Inc. (collectively, "Mitchell") (July 18, 2016), Yargus Manufacturing, Inc. ("Yargus") (November 15, 2016), Global (April 4, 2017), CMC Industrial Electronics Ltd. And CMC Industrial Electronics USA, Inc. (collectively "CMC") (December 22, 2017) and Junge (December 28, 2017).

In the disclosure that follows, the above acquisitions are categorized as Commercial divisions, with the exception of Global which has four operating divisions, three of which are categorized as Farm divisions.

OPERATING RESULTS

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

	Year Ended December 31		
(thousands of dollars)	**2017**	**2016**	**Change**
Sales	754,715	531,616	223,099
Foreign exchange loss [1]	890	15,000	(14,110)
Trade sales	**755,605**	**546,616**	**208,989**

(1) A portion of foreign exchange gains and losses are allocated to sales.

Trade Sales by Geography

(thousands of dollars)	2017	Year Ended December 31 2016	Change
Canada, excluding acquisitions	228,972	215,988	12,984
Acquisitions	51,915	22,163	29,752
Total Canada	**280,887**	**238,151**	**42,736**
U.S., excluding acquisitions	202,248	197,793	4,455
Acquisitions	120,884	8,849	112,035
Total U.S.	**323,132**	**206,642**	**116,490**
International, excluding acquisitions	111,179	93,675	17,504
Acquisitions	40,407	8,148	32,259
Total International	**151,586**	**101,823**	**49,763**
Total excluding acquisitions	542,399	507,456	34,943
Total acquisitions	213,206	39,160	174,046
Total Trade Sales	**755,605**	**546,616**	**208,989**

Trade Sales by Category [(1)]

(thousands of dollars)	2017	Year Ended December 31 2016	Change
Farm	305,258	267,173	38,085
Farm – acquisitions	88,578	0	88,578
Total Farm	**393,836**	**267,173**	**126,663**
Commercial	237,514	240,283	(2,769)
Commercial - acquisitions	124,255	39,160	85,095
Total Commercial	**361,769**	**279,443**	**82,326**
Total Trade Sales	**755,605**	**546,616**	**208,989**

(1) See "Basis of Presentation – Farm and Commercial"

Canada

- Trade sales in Canada, excluding acquisitions, increased 6% compared to 2017. Farm sales increased across all product categories including storage, aeration and handling equipment as positive farmer economics and favourable crop yields more than offset the negative impact of an early and dry harvest. Commercial sales in Canada decreased compared to 2016, largely due to timing as some projects were deferred by customers into 2018. AGI's Canadian Commercial sales backlog is at record levels entering 2018.
- Sales from acquisitions were $52 million in fiscal 2017. These sales relate primarily to ongoing investment in fertilizer distribution facilities and AGI's growing Food platform and, to a lesser extent, Canadian sales related to recently acquired Global.

United States

- Excluding acquisitions, trade sales in the United States increased 2% compared to 2017, as a 21% increase in Farm sales was largely offset by lower Commercial sales. The increase in Farm sales appears to signal the beginning of a recovery for AGI in the U.S. Farm market, as strong in-season sales of portable grain handling equipment in 2017 and high levels of participation in post-harvest sales programs has resulted in a significantly higher sales order backlog entering 2018 compared to the prior year. Commercial sales decreased in 2017, in part due to a challenging profit environment for commercial grain traders and indications that capital investment priorities for multinationals may lie outside of the United States.
- Trade sales from acquisitions in the United States were $121 million, and relate almost entirely to the recent acquisitions of Yargus and Global. Domestic sales of Yargus fertilizer blending and other fertilizer related products were in line with expectations and are expected to benefit in future years from the overall AGI fertilizer platform. Demand for grain storage systems produced by the Global companies remained at cyclical lows in 2017, however signs of a recovery in this product category began to appear later in 2017, and sales order backlogs are currently well above those at the same time in 2017.

International

- International sales, excluding acquisitions, increased 19% over 2016, as AGI's sales order backlog significantly increased in the latter half of 2017 and the Company began to deliver on projects in the fourth quarter. Sales in 2017 reflect AGI's broadening geographic reach, with significant sales in EMEA, including Eastern Europe, South America and southeast Asia/Australia. AGI's international sales order backlog is currently at record levels with significant projects underway in EMEA and South America.
- International sales from acquisitions increased $32 million over 2016, largely due to $20 million of offshore sales from Global, which were concentrated in EMEA and Southeast Asia, sales of Yargus fertilizer equipment in Africa and Southeast Asia and higher sales in Brazil.

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

	Year Ended December 31	
(thousands of dollars)	**2017**	**2016**
Trade sales [1]	755,605	546,616
Cost of inventories	516,926	356,765
Gross margin [1]	**238,679**	**189,851**
Gross margin as a % of trade sales	**31.6%**	**34.7%**

(1) See "Non-IFRS measures".

Gross margin as a percentage of trade sales decreased compared to 2016 primarily due to the impact of AGI's Brazilian operations and acquisitions made in 2016 and 2017. Excluding these items, gross margin for the twelve-month period ended December 31, 2017 was 35.5% (2016 – 35.7%). 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 and improved manufacturing practices 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.

	Year Ended December 31	
(thousands of dollars)	**2017**	**2016**
Profit from continuing operations before income taxes	**47,200**	**29,815**
Finance costs	35,708	24,025
Depreciation and amortization	29,474	21,984
EBITDA [(1)]	**112,382**	**75,824**
(Gain) loss on foreign exchange	(11,578)	14,070
Share based compensation	8,057	6,891
Gain on financial instruments [(2)]	(357)	(9,210)
M&A expenses	1,259	1,492
Other transaction expenses [(3)]	7,506	2,833
Gain on sale of PP&E	(909)	(114)
Fair value of inventory from acquisitions [(4)]	5,037	0
Allowance for Net Receivables	0	682
Impairment [(5)]	1,932	7,839
Adjusted EBITDA [(1)]	**123,329**	**100,307**

(1) See "Non-IFRS Measures".
(2) See "Equity Compensation Hedge".
(3) Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
(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

	Year Ended December 31	
(thousands of dollars)	**2017**	**2016**
Sales		
Trade sales [(1)]	755,605	546,616
Foreign exchange loss	(890)	(15,000)
	754,715	531,616
Cost of goods sold		
Cost of inventories	516,926	356,765
Depreciation/amortization	19,075	13,667
	536,001	370,432

Selling, general and administrative expenses		
SG&A expenses	131,942	99,427
M&A expenses	1,259	1,492
Other transaction expenses [(2)]	7,506	2,833
Depreciation/amortization	10,399	8,317
	151,106	112,069
Other operating income		
Net gain on disposal of PP&E	(909)	(114)
Net gain on financial instruments	(357)	(9,210)
Other	(3,379)	(2,272)
	(4,645)	(11,596)
Impairment charge	1,932	7,839
Finance costs	35,708	24,025
Finance (income) expense	(12,587)	(968)
Profit from continuing operations before income taxes	47,200	29,815
Income tax expense	12,045	10,862
Profit for the period from continuing operations	35,155	18,953
Profit from discontinued operations	41	353
Profit for the period	**35,196**	**19,306**
Profit per share		
Basic	2.21	1.31
Diluted	2.18	1.29

(1) See "Non-IFRS Measures".
(2) Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.

Impact of Foreign Exchange

Sales and Adjusted EBITDA

AGI's average rate of exchange in fiscal 2017 was $1.31 (2016 - $1.32). A stronger Canadian dollar relative to the U.S. dollar 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 fiscal 2017 was $0.7 million (2016 – $14.4 million). As at December 31, 2017, AGI has no outstanding foreign exchange contracts. AGI's total gain on foreign exchange, including non-cash translation gains, was $11.6 million in fiscal 2017 (2016 - loss of $14.1), and primarily relates 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 year. See also "Financial Instruments – Foreign exchange contracts".

Selling, General and Administrative Expenses ("SG&A")

SG&A expenses in 2017, excluding M&A expenses and depreciation/amortization, were $131.9 million (17.5% of trade sales) versus $99.4 million in 2016 (18.2%). Excluding acquisitions, SG&A expenses in 2017 were $95.1 million (17.5% of trade sales) versus $93.6 million in fiscal 2016 (17.9%).

The increase, net of acquisitions, in fiscal 2017 compared to 2016 is primarily the result of the following:

- Share based compensation increased $1.1 million due to new grants and an increase in anticipated achievement levels.
- Warehouse expenses increased $1.0 million due to increased activity and because 2017 reflects a full year of operations in recently leased warehouse space.
- Travel expenses were $1.1 million higher than the prior year due to increased domestic and international travel.
- The remaining variance resulted from several offsetting factors with no individual variance larger than $1.0 million.

Finance Costs

Finance costs in 2017 were $35,7 million versus $24.0 million in 2016. 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 2017 was $12.6 million compared to $1.0 million in 2016, 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 year.

Other Operating Income

Other operating income in 2017 was $3.4 million (2016 - $2.3 million). The increase in 2017 is primarily the result of income related to the delivery of equipment in accordance with the share purchase agreement with NuVision. Other operating income in both periods includes gains on financial instruments (see "Equity Compensation Hedge") and gains on the sale of property plant and equipment.

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 year ended December 31, 2017 the Company recorded current tax expense of $6.7 million (2016 – $11.1 million). Current tax expense relates primarily to AGI's U.S. and Italian subsidiaries.

Deferred income tax expense

For the year ended December 31, 2017, the Company recorded deferred tax expense of $5.3 million (2016 –recovery ($0.3) million). Deferred tax expense in 2017 includes a recovery of $3.3 million as U.S. tax reform resulted in a change in AGI's future tax rate. The remaining $8.6 million deferred tax expense 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 deferred financing costs, accruals and long-term provisions, 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 year ended December 31, 2017, the Company offset $12.8 million of Canadian tax otherwise payable (2016 – $0.5 million). Through the use of these attributes and since the date of Conversion a cumulative amount of $51.0 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company's income statement. As at December 31, 2017, the balance sheet asset related to these unused attributes was $4.0 million.

Effective tax rate

	Year Ended December 31	
(thousands of dollars)	**2017**	**2016**
Current tax expense	6,712	11,122
Deferred tax expense (recovery)	5,333	(260)
Total tax	12,045	10,862
Profit before taxes	47,200	29,815
Total tax %	25.5%	36.4%

The effective tax rate in both periods 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 "Gains and Losses on Foreign Exchange"). 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. AGI's effective tax rate is expected to decrease in 2018 as a result of U.S. tax reform.

Diluted profit per share and diluted adjusted profit per share

Diluted profit per share in 2017 was $2.18 (2016 - $1.29). The increase is largely due to higher adjusted EBITDA and a gain on foreign exchange, compared to a loss in 2016, and a lower impairment charge related to the valuation of assets held for sale. These factors were offset by higher transaction costs related to acquisitions and higher finance costs related to the acquisitions

of Yargus and Global. 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)	Year Ended December 31 2017	2016
Profit	35,196	19,306
Diluted profit per share	2.18	1.29
(Gain) loss on foreign exchange	(11,578)	14,070
Fair value of inventory from acquisition [(2)]	5,037	0
M&A expenses	1,259	3,018
Other transaction expenses [(3)]	7,506	1,307
Gain on financial instruments	(357)	(9,210)
(Gain) on sale of PP&E	(909)	(114)
Impairment charge [(4)]	1,932	7,839
Allowance for Net Receivables	0	682
Non-cash accretion related to early redemption of the 2013 Convertible Debentures	1,363	0
Adjusted profit [(1)]	**39,449**	**36,898**
Diluted adjusted profit per share [(1)]	**$2.44**	**$2.47**

(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 restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
(4) To record assets held for sale at estimated fair value.

Selected Annual Information (thousands of dollars, other than per share amounts)

	Twelve Months Ended December 31 2017 $	2016 $	2015 $
Sales	754,715	531,616	414,115
EBITDA [(1)]	112,382	75,824	28,396
Adjusted EBITDA [(1)]	123,329	100,307	73,337
Profit (loss) from continuing operations	47,200	29,815	(9,720)
Basic profit (loss) per share from continuing operations	2.20	1.29	(0.70)
Fully diluted profit (loss) per share from continuing operations	2.17	1.27	(0.70)
Profit (loss)	35,196	19,306	(25,229)
Basic profit (loss) per share	2.21	1.31	(1.81)
Fully diluted profit (loss) per share	2.18	1.29	(1.81)
Funds from operations [(1)]	74,465	52,766	37,791
Payout ratio [(1)]	52%	67%	89%
Dividends declared per common share	2.40	2.40	2.40
Total assets	1,137,274	850,151	745,920
Total long-term liabilities	568,373	480,821	358,742

(1) See “Non-IFRS Measures”.

The following factors impact comparability between years in the table above:

- Acquisitions in 2016 and 2017 (see "Basis of Presentation – Acquisitions") and the 2015 acquisitions of Vis and Westeel significantly impact information in the table above.
- Sales, gain (loss) on foreign exchange, profit (loss) and profit (loss) per share are significantly impacted by the rate of exchange between the Canadian and U.S. dollars.
- Profit (loss) and profit (loss) per share were significantly impacted in 2015 by a $13.4 million impairment charge related to assets at the Company's Applegate and Mepu divisions.

QUARTERLY FINANCIAL INFORMATION

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

2017					
	Average USD/CAD Exchange Rate	**Sales**	**Profit (Loss)**	**Basic Profit (Loss) per Share**	**Diluted Profit (Loss) 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
Q4	1.27	172,500	(268)	(0.02)	(0.02)
YTD	**1.31**	**754,715**	**35,196**	**2.21**	**2.18**

2016								
		From Continuing Operations				**Total (1)**		
	Avg USD / CAD FX Rate	**Sales**	**Profit (Loss)**	**Basic Profit (Loss) per Share**	**Diluted Profit (Loss) per Share**	**Profit (Loss)**	**Basic Profit (Loss) per Share**	**Diluted Profit (Loss) 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.

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

- AGI's acquisitions of 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".
- Sales, gain (loss) on foreign exchange, profit (loss), and profit (loss) 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.

FOURTH QUARTER

(thousands of dollars)	Three Months Ended December 31 2017	 2016
Trade sales [(1)]	173,009	126,430
Adjusted EBITDA [(1)]	21,247	18,226
Profit (loss)	(268)	(4,710)
Diluted profit (loss) per share	(0.02)	($0.32)
Adjusted profit [(1)]	4,851	4,231
Diluted adjusted profit per share [(1)]	$0.30	$0.30

(1) See "Non-IFRS Measures".

Trade Sales by Region

(thousands of dollars)	Three Months Ended December 31		
	2017	**2016**	**Change**
Canada, excluding acquisitions	44,487	46,237	(1,750)
Acquisitions	17,517	8,160	9,357
Total Canada	62,004	54,397	7,607
U.S., excluding acquisitions	47,059	42,633	4,426
Acquisitions	24,386	7,499	16,887
Total U.S.	71,445	50,132	21,313
International, excluding acquisitions	24,259	17,397	6,862
Acquisitions	15,301	4,504	10,797
Total International	39,560	21,901	17,659
Total excluding acquisitions	115,805	106,267	9,538
Total acquisitions	57,204	20,163	37,041
Total Trade Sales	**173,009**	**126,430**	**46,579**

Sales by Category (1)

(thousands of dollars)	Three Months Ended December 31 2017	2016	Change
Farm	57,183	58,740	(1,557)
Farm – acquisitions	23,192	0	23,192
Total Farm	**80,375**	**58,740**	**21,635**
Commercial	58,623	47,527	11,096
Commercial - acquisitions	34,011	20,163	13,848
Total Commercial	**92,634**	**67,690**	**24,944**
Total	**173,009**	**126,430**	**46,579**

(1) See "Basis of Presentation – Farm and Commercial"

Canada

- Trade sales in Canada, excluding acquisitions, decreased 4% against a strong 2016 comparative. Commercial sales in the quarter increased compared to 2016 as AGI began to deliver on a substantial sales order backlog. Farm sales decreased compared to 2016, due to a dry and early harvest.
- Sales from acquisitions were $17.5 million in Q4 2017. These sales relate primarily to ongoing investment in fertilizer distribution facilities and AGI's growing Food platform.

United States

- In the United States, trade sales excluding acquisitions increased 10% compared to 2016, due primarily to higher sales of portable handling equipment. Strong in-season sales and high levels of participation in post-harvest sales programs provide a further indication of a recovery in the U.S. Farm market.
- Trade sales from acquisitions in the United States were $24.4 million, and relate almost entirely to the recent acquisitions of Yargus and Global.

International

- AGI's international sales, excluding acquisitions, increased 39% over 2016, as AGI's sales order backlog significantly increased in the latter half of 2017 and the Company began to deliver on certain projects in the fourth quarter.
- International sales from acquisitions increased $10.8 million over 2016, largely due to sales from Global and higher sales in Brazil.

Gross Margin

(thousands of dollars)	Three Months Ended December 31 2017	2016
Trade sales (1)	173,009	126,430
Cost of inventories	120,112	84,358
Gross margin (1)	**52,897**	**42,072**
Gross margin as a % of trade sales	**30.6%**	**33.3%**

Historically, gross margin percentages are lower in the fourth quarter of a fiscal year due to lower sales volumes and preseason sales discounts. The decrease in margin compared to Q4 2016 is largely the result of the impact of AGI's Brazilian operations and acquisitions made in 2016 and 2017, as well as the impact of lower in-season sales at certain divisions that resulted from a dry and early harvest in western Canada. 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 and improved manufacturing practices 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.

Selling, General and Administrative Expenses

For the three months ended December 31, 2017, SG&A expenses, excluding acquisitions, were $23.5 million or 19.2% of trade sales (2016 - $24.3 million and 22.8%). As a percentage of sales, SG&A expenses in the fourth quarter of a fiscal year are generally higher than the annual percentage due to seasonally lower sales volumes. The decrease, net of acquisitions, in Q4 2017 compared to 2016 is primarily the result of the following:

- Salaries and wages increased $1.0 million due to additions to the senior management team and a higher company-wide bonus accrual.
- The fourth quarter of 2016 included a charge of $1.0 million related to changes in its distribution network. A similar charge was not present in Q4 2017.
- The remaining variance resulted from several offsetting factors with no individual variance larger than $1.0 million.

Adjusted EBITDA and Profit (loss)

	Three Months Ended December 31	
(thousands of dollars)	**2017**	**2016**
Profit from continuing operations before income taxes	**(2,272)**	**(3,657)**
Finance costs	10,972	6,081
Depreciation and amortization	7,168	5,045
EBITDA [(1)]	**15,868**	**7,469**
(Gain) loss on foreign exchange	1,491	6,932
Share based compensation	1,623	1,816
Gain on financial instruments [(2)]	(11)	(4,050)
M&A expenses	289	290
Other transaction expenses [(3)]	644	1,262
Gain on sale of PP&E	57	45
Fair value of inventory from acquisitions [(4)]	(1)	0
Allowance for Net Receivables	0	682
Impairment [(5)]	1,287	3,780
Adjusted EBITDA [(1)]	**21,247**	**18,226**

(1) See "Non-IFRS Measures".
(2) See "Equity Compensation Hedge".
(3) Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
(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.

Adjusted EBITDA for the three months ended December 31, 2017 was $21.2 million (2016 - $18.2 million). The increase from 2016 was primarily the result of higher Commercial sales in Canada and offshore and EBITDA related to acquisitions made in Q4 2016 and 2017, partially offset by the impact of an early and dry harvest in western Canada.

For the three months ended December 31, 2017, the Company reported loss of $0.3 million (2016 – loss of $4.7 million), basic loss per share of $0.02 (2016 – loss of $0.32), and a fully diluted loss per share of $0.02 (2016 – loss of $0.32). Profit (Loss) per share in 2016 and 2017 has been impacted by the items below:

(thousands of dollars except per share amounts)	**Three Months Ended December 31** **2017**	**2016**
Loss as reported	($268)	($4,710)
Diluted loss per share as reported	(0.02)	($0.32)
Loss on foreign exchange	1,491	6,932
Non- cash Asset impairment	1,287	3,780
M&A Expenses	289	290
Other transaction expenses [(1)]	644	1,262
Fair Value of inventory from acquisition	(1)	0
Gain on financial Instruments	(11)	(4,050)
(Gain) loss on sale of property, plant and equipment	57	45
Allowance for bad debt	0	682
Non-cash accretion related to early redemption of the 2013 Convertible Debentures	1,363	0
Adjusted profit [(2)]	4,851	$4,231
Diluted adjusted profit per share [(2)]	$0.30	$0.28

(1) Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.
(2) See "Non-IFRS Measures".

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)	Year Ended December 31 **2017**	**2016**
Profit before tax from continuing operations	47,200	29,815
Items not involving current cash flows	25,419	24,660
Cash provided by operations	72,619	54,475
Net change in non-cash working capital	(9,466)	(451)
Non-current accounts receivable and other	(4,180)	0
Put option costs	(48)	0
Income tax recovered (paid)	(8,467)	(9,720)
Cash flows provided by operating activities	50,458	44,304
Cash used in investing activities	(213,519)	(129,665)
Cash provided by financing activities	224,227	30,380
Net increase (decrease) in cash from continuing operations during the period	61,166	(54,981)
Net (decrease) increase in cash from discontinued operations	41	(479)
Cash, beginning of period	2,774	58,234
Cash, end of period	**63,981**	**2,774**

Cash provided by operating activities increased compared to 2016 as higher adjusted EBITDA was partially offset by increased inventory purchases that largely resulted in part from the procurement of steel in advance of input price increases. Cash used in investing activities includes the acquisition of Global in Q2 2017 and capital expenditures. Cash provided by financing activities includes $60 million of net proceeds from AGI's February 2017 equity offering, a portion 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 year ended December 31, 2017 were $11.2 million (1.5% of trade sales) and in 2016 were $3.8 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.

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 $40.5 million in 2017 (2016 - $36.6 million). In 2017, non-maintenance capital expenditures relate primarily to the construction of AGI's production facility in Brazil ($21.6 million) and the purchase of a previously leased manufacturing facility in Italy ($9.8 million). Capital expenditures related to the facility in Brazil are substantially complete.

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

The following table shows, as at December 31, 2017, the Company's contractual obligations for the periods indicated:

(thousands of dollars)	**Total**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023+**
2013 Debentures (1)	86,155	86,155	0	0	0	0	0
2014 Debentures	51,750	0	51,750	0	0	0	0
2015 Debentures	75,000	0	0	75,000	0	0	0
2017 Debentures	86,250	0	0	0	0	86,250	0
Long-term debt	304,990	117	113	117	208,185	40,095	56,363
Finance lease (2)	1,014	981	21	12	0	0	0
Operating leases	9,745	3,090	2,534	1,591	1,017	755	758
Due to vendor (3)	34,034	33,309	0	0	0	0	725
Contingent consideration	9,037	5,306	3,731	0	0	0	0
Purchase obligations (4)	12,909	12,909	0	0	0	0	0
Total obligations	**670,884**	**141,867**	**58,149**	**76,720**	**209,202**	**127,100**	**57,846**

(1) On January 8, 2018, $8,679,000 principal amount of the 2013 Debentures were converted into157,781 common shares and on January 9, 2018, the remaining principal amount of the 2013 Debentures were redeemed by the Company. Subsequent to December 31, 2017, the Company also issued a new series of debentures (the "2018 Debentures") with an aggregate principal amount of $86.25 million, a coupon of 4.50% and a maturity date of December 31, 2022. See "Capital Resources – Debentures"
(2) Includes interest.
(3) Partially settled with AGI inventory.
(4) Net of deposit.

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

CAPITAL RESOURCES

Assets and Liabilities

(thousands of dollars)	December 31 2017	December 31 2016
Total assets	1,137,274	850,151
Total liabilities	845,062	605,587

Cash

The Company's cash balance at December 31, 2017 was $64.0 million (2016 - $2.8 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	Effective Interest Rate
Operating Facility	CAD	2021	20,000	0	4.10%
Operating Facility	USD	2021	8,782	0	5.00%
Revolver [(1)(2)]	USD	2021		47,671	4.04%
Revolver [(2)]	USD	2021	165,306	25,090	6.19%
Revolver [(2)]	USD	2021		85,306	5.40%
Term Loan A [(1)]	CAD	2021	50,000	50,000	3.59%
Term Loan B [(1)]	CAD	2022	40,000	40,000	4.32%
Series B Notes [(3)]	CAD	2025	25,000	25,000	4.44%
Series C Notes [(3)]	USD	2026	31,363	31,363	3.70%
Equipment Financing [(3)]	CAD	2021	560	560	0.00%
Accordion	CAD	2021	75,000	0	5.00%
Total			**416,011**	**304,990**	

(1) Interest rate fixed via interest rate swaps. See "Interest Rate Swaps".
(2) Revolver facilities have a maximum combined total of $165 million and can be drawn in CAD or USD.
(3) Fixed interest rate.

The Company has a credit facility (the "Credit Facility") with a syndicate of Canadian chartered banks that includes committed revolver facilities of $165 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.

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

The following table summarizes the key terms of the convertible unsecured subordinated debentures of the Company that were outstanding as at December 31, 2017:

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.

On January 8, 2018, holders of the 2013 Debentures exercised the conversion option for $8,679,000 aggregate principal amount, and were issued 157,781 common shares. On January 9, 2018, the Company redeemed the remaining 2013 Debentures.

On January 3, 2018 (and January 9, 2018, with respect to the over-allotment portion), the Company issued a new series of convertible unsecured subordinated debentures (the "2018 Debentures") (AFN.DB.E)) with an aggregate principal amount of $86.25 million, a coupon of 4.50% and a maturity date of December 31, 2022. The 2018 Debentures have substantially the same terms as the other Debentures described above including being convertible at the holder's option at a conversion price of $88.15 per common share, being redeemable at par on and after December 31, 2020 (and during the preceding twelve-month period, provided that the volume weighted average trading price of the Common Shares 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, and the principal and interest thereon may be satisfied through the issue of Common Shares in certain circumstances.

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	93,976
Conversion of 2013 Debentures	1,727
December 31, 2017	**16,160,916**
Shares issued under EIAP	81,097
Shares issued under DRIP	16,025
Conversion of 2013 Debentures	157,781
March 14, 2018	**16,415,819**

At March 14, 2018:

- 16,415,819 Common Shares are outstanding;
- 915,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan (the "EIAP"), 740,466 have been granted of which 367,227 remain outstanding;
- 70,332 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 year ended December 31, 2017, AGI declared dividends to shareholders of $38.4 million (2016 - $35.3 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 2017, dividends paid to shareholders were financed $33.5 million (2016 – $30.1 million) from cash on hand and $4.9 million (2016 – $5.2 million) 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.

		Year Ended December 31
(thousands of dollars)	**2017**	**2016**
Adjusted EBITDA	123,329	100,307
Interest expense	(35,708)	(24,025)
Non-cash interest	7,238	4,363
Cash taxes	(8,467)	(9,720)
Maintenance CAPEX	(11,217)	(3,751)
Realized loss on FX contracts	(710)	(14,408)
Funds from operations	**74,465**	**52,766**
Dividends	38,365	35,297
Payout Ratio	**52%**	**67%**

The Company's payout ratio in 2016 was negatively impacted by realized losses on foreign exchange contracts. Excluding these losses, the Company's payout ratio in 2016 was 53%. 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 foreign exchange contracts outstanding as at December 31, 2017.

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	47,671	4.04%

(1) USD $38.0 million converted at the rate of exchange at December 31, 2017.
(2) With performance adjustments.

The change in fair value of the interest rate swap contracts in place as at December 31, 2017 was an unrealized gain of $1.8 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 December 31, 2017, the equity swap agreement covered 500,000 Common Shares at a price of $34.10. The agreement matures on March 22, 2019.

2017 ACQUISITIONS

Global Industries Inc.

On April 4, 2017, AGI acquired Global Industries Inc. ("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, are 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 its year-ended November 30, 2016, total sales were U.S. $112 million.

CMC Industrial Electronics and Junge Control Inc.

In December 2017, AGI acquired CMC Industrial Electronics ("CMC") and Junge Control Inc. ("Junge"). CMC is a leading supplier of hazard monitoring sensors and systems used in agricultural material handling applications. CMC also manufactures commercial bin monitoring sensors and systems. Junge is a leading manufacturer of automation, measurement and blending systems for the agriculture and fuel industries. Combined sales and adjusted EBITDA for the two entities in their most recently completed fiscal years were approximately $15 million and $4 million, respectively.

SUBSEQUENT EVENT

Acquisition of Danmare

Effective February 22, 2018, AGI acquired Danmare Group Inc. and its affiliate Danmare, Inc. (collectively, "Danmare") for a maximum purchase price of $10.2 million. Danmare provides engineering solutions and project management services to the food industry, with a specialization in automated systems for pet food, rice and pasta, confectionery, ready-to-eat foods, sauce sand meat processing. Upon closing, a cash amount of $6.5 million was paid to the vendors. The contingent consideration is payable over three years based on the achievement of earnings targets in 2019, 2020 and 2021.

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	Q4	YTD 2017
Farm	76,275	120,853	116,333	80,375	393,836
Commercial	78,414	101,388	89,333	92,634	361,769
Total	**154,689**	**222,241**	**205,666**	**173,009**	**755,605**

Farm and Commercial trade sales – 2016

(thousands of dollars)	Q1	Q2	Q3	Q4	2016
Farm	63,769	67,548	77,116	58,740	267,173
Commercial	49,903	75,996	85,854	67,690	279,443
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 $0.3 million during the year ended December 31, 2017 [2016 – $0.2 million], and $0.1 million is included in accounts payable and accrued liabilities as at December 31, 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 $0.2 Million during the twelve-month period ended December 31, 2017 [2016 – $0.1 million], and $4,000 is included in accounts payable and accrued liabilities as at December 31, 2017.

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company's 2017 audited annual consolidated financial statements are the accounting policies and estimates that AGI believes are critical to its business. Please refer to note 4 to the audited consolidated financial statements for the year ended December 31, 2017 for a discussion of 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 this MD&A and the Company's 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 fair value through profit or loss 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 finalizing its assessment of the impact on the consolidated financial statements for Q1 2018.

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 identified and reviewed its significant revenue contracts. The Company has determined that it will apply the modified retrospective method for

adopting IFRS 15, and is finalizing its assessment of the quantitative impact on the consolidated financial statements for Q1 2018.

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. 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’s assessment has not identified significant classification, recognition or measurement differences.

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 December 31, 2016 AGI acquired Global, CMC and Junge. 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 Global, CMC and Junge. The following is the summary financial information pertaining to Global, CMC and Junge that was included in AGI's consolidated financial statements for the year ended December 31, 2017:

(thousands of dollars)	**Global/CMC/Junge**
Revenue	102,356
Profit (loss)	(4,876)
Current assets[1]	60,652
Non-current assets[1]	112,104
Current liabilities[1]	40,755
Non-current liabilities[1]	3,264

Note 1 - Balance sheet as at December 31, 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 December 31, 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 initiatives. 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 improvements; and changes in trade relations between the countries in which the Company does business including between Canada and the United States. These risks and uncertainties are described under “Risks and Uncertainties” in this 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).