AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: May 9, 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, the Management Discussion and Analysis (the "Annual MD&A") of the Company for the year ended December 31, 2017 and the unaudited interim condensed consolidated comparative financial statements of the Company and accompanying notes for the three-month period ended March 31, 2018. 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

	First Quarter March 31	
	2018	2017
(thousands of dollars except per share amounts)	$	$
Trade sales (1)(2)(4)	214,097	154,689
Adjusted EBITDA (1)(3)(4)	30,727	25,674
Profit	4,943	5,127
Diluted profit per share	0.30	0.33
Adjusted profit (1)	11,463	7,483
Diluted adjusted profit per share (1)(5)	0.70	0.48

(1) See "Non-IFRS Measures".
(2) See "Operating Results – Trade Sales"
(3) See "Operating Results - EBITDA and Adjusted EBITDA".
(4) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.
(5) See "Detailed Operating Results - Diluted profit per share and diluted adjusted profit per share".

Trade sales and adjusted EBITDA increased significantly over 2017 due to strong demand for Commercial equipment in Canada, a significant increase in international sales and improved demand for portable equipment in the United States. Sales order backlogs in these areas remain high and sales momentum is expected to continue throughout 2018. In addition, adjusted EBITDA in Q1 2018 benefited from the recent acquisitions of CMC, Junge and Danmare, and was negatively impacted by results from AGI's Brazilian operations. Adjusted EBITDA as a percentage

of sales declined compared to Q1 2017, largely due to the April 4, 2017 acquisition of Global Industries Inc. ("Global"), where sales volumes and margin percentages are expected to improve along with increasing demand in the U.S. Farm sector and the further implementation of AGI's lean manufacturing, purchasing programs and restructured sales strategies. Higher adjusted EBITDA was offset by an increase in finance costs related to the Global acquisition and a translation loss on foreign exchange, resulting in lower profit and profit per share, while adjusted profit and adjusted profit per share increased compared to 2017.

BASIS OF PRESENTATION - ACQUISITIONS

When comparing current year results to 2017, we have in some cases noted the impact of acquisitions made in 2017 and 2018. When noted, both the 2017 and 2018 periods exclude results from the acquisitions of Global (acquired April 4, 2017), CMC Industrial Electronics Ltd. and CMC Industrial Electronics USA, Inc. (collectively, "CMC") (December 22, 2017), Junge Control, Inc. ("Junge") (December 28, 2017) and Danmare Group Inc. and its affiliate Danmare, Inc. (collectively, "Danmare") (February 22, 2018).

In the disclosure that follows, CMC, Junge and Danmare are categorized as part of our Commercial divisions. Three of the four operating divisions of Global are categorized as Farm divisions – MFS, York and Brownie (collectively, "MFS") (storage bins, stationary grain handling equipment, and structural components), Hutchinson and Mayrath ("Hutch") (portable and stationary grain handling equipment) and NECO (grain dryers and aeration equipment). Sentinel Building Systems (steel buildings) is categorized as a Commercial division.

OUTLOOK

Management anticipates sales of Farm equipment will increase compared to 2017, particularly in the U.S. where pent-up demand for portable equipment has resulted in sales order backlogs significantly higher than in the prior year. Demand is expected to remain strong in Canada, however an early harvest resulted in a degree of inventory carryover, and Canadian Farm sales in fiscal 2018 may not reach the record sales of 2017. Planting progress in most areas of North America is well behind historical averages due to a late spring, which may result in a later than typical harvest, which is generally a positive for AGI. Sales at MFS and Hutch are expected to benefit from increasing demand for grain storage and handling systems in the United States, while sales of NECO grain dryers are expected to increase, primarily due to increasing market penetration in Canada. Gross margins at MFS, Hutch and NECO are expected to improve along with higher sales, further integration into AGI's steel procurement program and the further adoption of lean manufacturing practices. Overall, Farm backlogs are significantly higher than the prior year, and based on current conditions management anticipates that Farm sales and EBITDA in fiscal 2018 will be above 2017 levels.

Commercial sales in Canada are expected to increase significantly in 2018 due to strong demand for grain, feed and fertilizer storage and handling facilities. In the United States, Commercial activity is expected to be stable, due to ongoing maintenance capital expenditure programs and investments to increase capacity and productivity. International sales will benefit from a very strong, geographically diverse sales order backlog, with particular strength in EMEA and South America. In addition, results at recently acquired divisions CMC, Junge and Danmare are tracking to expectations, and accordingly contributions from these divisions will benefit 2018 sales and EBITDA. Overall, management anticipates sales and EBITDA related to Commercial equipment in 2018 will be higher than the prior year.

Management anticipates a positive contribution from AGI Brazil in the second half of 2018, as sales volumes in both the Farm and Commercial sectors are increasing, and manufacturing practices have improved subsequent to the final commissioning of AGI's new manufacturing facility. Sales order backlogs in Brazil are well above the levels of a year ago. Access to capital and a cautious approach to capital investment continue to contribute to a competitive marketplace in Brazil, however AGI anticipates an increase in sales and manufacturing efficiencies will lead to a positive EBITDA contribution in the second half of the fiscal year.

Steel prices have increased significantly in recent months and volatility in steel markets may be exacerbated by U.S. trade actions, including potential 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.

On balance, management anticipates trade sales and adjusted EBITDA in fiscal 2018 will increase compared to 2017, due to strong demand for Commercial equipment in Canada, a significant increase in international sales and improved demand for Farm equipment in the United States. Existing backlogs are high, particularly with respect to the Company's Farm business in the U.S. and its Canadian and international Commercial business. Trade sales and EBITDA in 2018 are expected to benefit from the recent acquisitions of CMC, Junge and Danmare. In addition, improving results in Brazil and a higher contribution from MFS, Hutch and NECO 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. Other factors that may impact results in 2018 include trade actions, 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.

OPERATING RESULTS

Trade Sales[1] (see "Non-IFRS Measures" and "Basis of Presentation - Acquisitions")

	First Quarter March 31		
(thousands of dollars)	**2018** **$**	**2017** **$**	**Change** **$**
Trade Sales[1]	214,097	154,689	59,408
Foreign exchange loss[2]	(431)	(153)	(278)
Total sales[1]	**213,666**	**154,536**	**59,130**

Trade Sales[1] by Geography

	First Quarter Ending March 31		
(thousands of dollars)	**2018** **$**	**2017** **$**	**Change** **$**
Canada, excluding acquisitions	72,135	65,321	6,814
Acquisitions	1,188	-	1,188
Total Canada	**73,323**	**65,321**	**8,002**

U.S., excluding acquisitions	55,444	58,030	(2,586)
Acquisitions	31,509	-	31,509
Total U.S.	**86,953**	**58,030**	**28,923**
International, excluding acquisitions	39,823	31,338	8,485
Acquisitions	13,998	-	13,998
Total International	**53,821**	**31,338**	**22,483**
Total excluding acquisitions	167,402	154,689	12,713
Total acquisitions	46,695	-	46,695
Total Trade Sales[(1)]	**214,097**	**154,689**	**59,408**

Trade Sales[(1)] by Category

	First Quarter Ending March 31		
(thousands of dollars)	**2018 $**	**2017 $**	**Change $**
Farm	73,174	76,275	(3,101)
Farm – acquisitions	36,074	-	36,074
Total Farm	**109,248**	**76,275**	**32,973**
Commercial	94,228	78,414	15,814
Commercial – acquisitions	10,621	-	10,621
Total Commercial	**104,849**	**78,414**	**26,435**
Total Trade Sales[(1)]	**214,097**	**154,689**	**59,408**

(1) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.

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

Canada

- Trade sales in Canada, excluding acquisitions, increased 10% over 2017 due to higher Commercial sales in both the grain and fertilizer markets. AGI's Commercial backlog in Canada remains at record levels.
- Farm sales in Canada decreased against a very strong 2017 comparative due to the impact of a late spring in 2018 and the anticipated Q1 2018 impact of the early 2017 harvest.
- Sales from acquisitions relate primarily to sales of grain dryers and the acquisitions of Danmare and CMC.

United States

- Excluding acquisitions, trade sales in the United States decreased 4% compared to 2017, as a 17% increase in Farm sales was offset by lower Commercial sales.
- The recent trend of higher year-over-year Farm sales continued in 2018, as strong opening backlogs and an improving marketplace translated into strong sales of portable handling equipment.
- Lower Commercial sales compared to the first quarter of 2017 were the result of a number of factors that are not expected to persist throughout 2018. Commercial backlogs in the United States are consistent with the prior year.
- Trade sales from acquisitions in the United States were $32 million. Sales of MFS equipment increased compared to pre-acquisition levels, despite the impact of a late

spring, due to improving market dynamics for grain storage systems and other handling equipment. Sales from Junge, CMC and Danmare were in line with expectations.

International

- International sales, excluding acquisitions, increased 8% over the prior year as AGI delivered on projects awarded in 2017. Sales in 2018 reflect AGI's broadening geographic reach, with significant sales in EMEA, including the Black Sea region, and South America.
- Our international sales order backlog is significantly higher than at the same time in 2017. The backlog is geographically diverse, with particular strength in EMEA and South America.
- International sales from acquisitions of $14 million relate to offshore sales from MFS and Sentinel, which were concentrated in EMEA and Southeast Asia.

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

	First Quarter March 31	
(thousands of dollars)	**2018** **$**	**2017** **$**
Trade sales [(1)]	214,097	154,689
Cost of inventories	147,344	100,524
Gross margin [(1)]	**66,753**	**54,165**
Gross margin as a % of trade sales	**31.2%**	**35.0%**

(1) See "Non-IFRS measures".

Gross margin as a percentage of trade sales decreased compared to 2017 primarily due to the impact of AGI's Brazilian operations and the inclusion of Global, which was acquired April 4, 2017. Excluding these items, gross margin for Q1 2018 was 34.2% (2017 – 35.4%). As anticipated, the Q1 2018 gross margin percentage in Brazil was lower than management's near-term expectations, as sales volumes continue to ramp-up and manufacturing practices improve subsequent to final commissioning of the new manufacturing facility. Gross margin percentages at MFS, Hutch and NECO are anticipated to move towards AGI's consolidated margin percentage in the short-term, as higher sales volumes are expected to result from a recovery in the U.S. Farm market, further integration in AGI's steel procurement program and due to AGI's continued focus on the implementation of lean manufacturing practices.

Excluding Brazil and Global, the decrease in gross margin percentage was largely related to lower Farm sales volumes in Canada and the impact of higher steel prices on AGI's Farm business. The Company remains well positioned with respect to its steel inventory and has increased sales prices to reflect higher input costs, however as anticipated margins were negatively impacted as AGI honors committed pricing on its sales order backlog. AGI's Commercial margin percentages were consistent with the prior year, as our Commercial business is quoted using current input prices and accordingly is less susceptible to fluctuations in steel costs.

EBITDA and Adjusted EBITDA[6] (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)	First Quarter March 31 2018 $	2017 $
Profit from continuing operations before income taxes	**6,173**	**8,173**
Finance costs	8,401	6,336
Depreciation and amortization	7,931	6,453
EBITDA (1)	**22,505**	**20,962**
Loss (gain) on foreign exchange	5,701	(582)
Share based compensation	1,702	2,356
Loss (gain) on financial instruments (2)	(233)	975
M&A expenses	168	610
Other transaction expenses (3)	136	1,371
Gain on sale of PP&E	(70)	(18)
Fair value of inventory from acquisitions (4)	586	-
Impairment (5)	232	-
Adjusted EBITDA (1)(6)	**30,727**	**25,674**

(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.
(5) To record assets held for sale at estimated fair value.
(6) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.

DETAILED OPERATING RESULTS

(thousands of dollars)	First Quarter March 31 2018 $	2017 $
Sales		
Trade sales (1)(3)	214,097	154,689
Foreign exchange loss	(431)	(153)
	213,666	154,536
Cost of goods sold		
Cost of inventories	147,344	100,524
Depreciation/amortization	4,940	4,715
	152,284	105,239

Selling, general and administrative expenses		
SG&A expenses	38,848	31,268
M&A expenses	168	610
Other transaction expenses (2)	136	1,371
Depreciation/amortization	2,991	1,738
	42,143	34,987
Other operating income		
Net gain on disposal of PP&E	(70)	(18)
Net (gain) loss on financial instruments	(233)	975
Other	(481)	(353)
	(784)	604
Impairment charge	232	-
Finance costs	8,401	6,336
Finance (income) expense	5,217	(803)
Profit from continuing operations before income taxes	6,173	8,173
Income tax expense	1,230	3,051
Profit for the period from continuing operations	4,943	5,122
Profit from discontinued operations	-	5
Profit for the period	**4,943**	**5,127**
Profit per share		
Basic	0.30	0.33
Diluted	0.30	0.33

(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.
(3) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The Q1 2018 loss on foreign exchange was a non-cash loss and related primarily 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. The gain on foreign exchange in 2017 also related to the impact of non-cash translation, partially offset by a realized loss on foreign exchange forward contracts of $0.7 million. As at March 31, 2018, AGI has no outstanding foreign exchange contracts. See also "Financial Instruments – Foreign exchange contracts".

Sales and Adjusted EBITDA

AGI's average rate of exchange for the three months ended March 31, 2018 was $1.26 (2017 - $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.

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

SG&A expenses in Q1 2018, excluding M&A expenses, other transaction expenses and depreciation/amortization, were $38.8 million (18.1% of trade sales) versus $31.3 million in 2017 (20.2%). Excluding acquisitions, SG&A expenses in 2018 were $29.2 million (18.4% of trade sales) versus $29.1 million in 2017 (20.3%). The decrease of $0.5 million compared to 2017 was in part the result of accounting expenses in Q1 2017 related to the Global acquisition. The remaining variance resulted from several offsetting factors with no individual variance larger than $0.75 million.

Finance Costs

Finance costs in Q1 2018 were $8.4 million versus $6.3 million in 2017. The expense in 2018 is net of a $0.4 million reversal of interest expense related to an income tax provision that was reversed in the quarter. The higher expense in 2018 relates primarily to financing the acquisition of Global in 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 Expense (income)

Finance expense in Q1 2018 was $5.2 million, compared to income of $0.8 million in 2017. The expense (income) in both periods relates primarily to non-cash 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 2018 was $0.8 million (2017 – expense of $0.6 million) and includes non-cash gains and loses on financial instruments (see "Equity Compensation Hedge") and gains on the sale of property plant and equipment. The increase in 2018 is primarily the result of income related to the delivery of equipment in accordance with the share purchase agreement with NuVision.

Depreciation and amortization

Depreciation of property, plant and equipment and amortization of intangible assets are categorized in the income statement in accordance with the function to which the underlying asset is related. The increase in 2018 primarily relates to the acquisitions of Global, CMC, Junge and Danmare.

Income tax expense

Current income tax expense

For the three-month period ended March 31, 2018 the Company recorded current tax expense of $0.4 million (2017 – $2.3 million). Current tax expense relates primarily to Ag Growth's U.S. and Italian subsidiaries.

Deferred income tax expense

For the three-month period ended March 31, 2018, the Company recorded deferred tax expense of $0.8 million (2017 – $0.8 million). Deferred tax expense in 2018 relates to the decrease of deferred tax assets plus an increase in deferred tax liabilities that relate to recognition of temporary differences between the accounting and tax treatment of property, plant and equipment, deferred financing costs, 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 three-month period ended March 31, 2018, the Company offset $nil of Canadian tax otherwise payable (2017 – $2.4 million). Through the use of these attributes and since the date of Conversion a cumulative amount of $50.5 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company's income statement. As at March 31, 2018, the balance sheet asset related to these unused attributes was $4.5 million.

Effective tax rate

	First Quarter March 31	
(thousands of dollars)	**2018** **$**	**2017** **$**
Current tax expense	426	2,293
Deferred tax expense	804	758
Total tax	**1,230**	**3,051**
Profit from continuing operations before income taxes	6,173	8,173
Total tax %	19.9%	37.3%

The effective tax rate in 2018 and to a lesser extent in 2017 was impacted by items that were expensed for accounting purposes but were not deductible for tax purposes. These include non-cash losses on foreign exchange. The effective tax rate in 2018 was impacted by the reversal of certain income tax accruals recorded in prior periods. See "Diluted profit per share and Diluted adjusted profit per share".

Diluted profit per share and diluted adjusted profit per share

Diluted profit per share in Q1 2018 was $0.30 (2017 - $0.33). The decrease is largely due to higher adjusted EBITDA and a lower tax expense being offset by higher finance costs and a loss on foreign exchange. Profit per share in 2018 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)	First Quarter March 31 2018 $	2017 $
Profit	4,943	5,127
Diluted profit per share	0.30	0.33
Loss (gain) on foreign exchange	5,701	(582)
Fair value of inventory from acquisition [2]	586	-
M&A expenses	168	610
Other transaction expenses [3]	136	1,371
Gain on financial instruments	(233)	975
(Gain) on sale of PP&E	(70)	(18)
Impairment charge [4]	232	-
Adjusted profit [1]	**11,463**	**7,483**
Diluted adjusted profit per share [1]	**0.70**	**0.48**

(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.
(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.

QUARTERLY FINANCIAL INFORMATION

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

2018	Average USD/CAD Exchange Rate	Sales[1] $	Profit (Loss) $	Basic Profit (Loss) per Share $	Diluted Profit (Loss) per Share $
Q1	1.26	213,666	4,943	0.30	0.30
YTD	**1.26**	**213,666**	**4,943**	**0.30**	**0.30**

2017	Average USD/CAD Exchange Rate	Sales[1] $	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]	1.27	167,182	(1,800)	(0.11)	(0.11)
YTD[1]	**1.31**	**749,397**	**33,664**	**2.11**	**2.08**

			2016					
			From Continuing Operations			Total (2)		
	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) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.

(2) 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), Global (Q2 2017), CMC (Q4 2017), Junge (Q4 2017) and Danmare (Q1 2018) 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.

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)	First Quarter March 31 2018 $	 2017 $
Profit before tax from continuing operations	6,173	8,173
Items not involving current cash flows	17,868	8,148
Cash provided by operations	24,041	16,321
Net change in non-cash working capital	(24,352)	932
Non-current accounts receivable and other	(703)	-
Long-term payables	(135)	-
Settlement of EIAP obligation	(1,950)	-
Income tax recovered (paid)	(49)	(2,094)
Cash flows (used in) provided by operating activities	(3,148)	15,159
Cash used in investing activities	(31,047)	(24,752)
Cash (used in) provided by financing activities	(9,004)	52,200
Net increase (decrease) in cash from continuing operations during the period	(43,199)	42,607
Net (decrease) in cash from discontinued operations	-	(13)
Cash, beginning of period	63,981	2,774
Cash, end of period	**20,782**	**45,368**

The decrease in cash provided by operating activities compared to the first quarter of 2017 is primarily related to the change in net working capital. In Q1 2018, the net change in working capital was negative $24.4 million, compared to a positive $0.9 million in Q1 2017. The change in 2018 is related primarily to an increase in inventory, the result of higher input costs, a higher level of business activity and the strategic procurement of steel, as well as an increase in accounts receivable related to higher sales. Offsetting these increases were an increase in accounts payable and the timing of customer deposits. Cash used in investing activities relates to the acquisitions of Junge and Danmare. Cash used in financing activities relates primarily to dividends paid and the redemption of the 2013 Convertible Debentures net of the issuance of the 2018 Convertible Debentures.

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. Recent acquisitions have not significantly impacted AGI's working capital requirements.

Capital Expenditures

Maintenance capital expenditures in the quarter ended March 31, 2018 were $3.0 million (1.4% of trade sales) and in Q1 2017 were $3.0 million (2.0%). Maintenance capital expenditures in 2018 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 $4.9 million in Q1 2018 (2017 - $17.3 million). In 2018, non-maintenance capital expenditures relate primarily to the purchase of manufacturing equipment.

Management generally anticipates maintenance capital expenditures in a fiscal year to approximate 1.0% - 1.5% of sales. Non-maintenance capital expenditures are expected to approximate $25 million in fiscal 2018. Maintenance and non-maintenance capital expenditures in 2018 are anticipated to be 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 March 31, 2018 the Company's contractual obligations for the periods indicated:

(thousands of dollars)	Total $	2018 $	2019 $	2020 $	2021 $	2022 $	2023+ $
2014 Debentures	51,750	-	51,750	-	-	-	-
2015 Debentures	75,000	-	-	75,000	-	-	-
2017 Debentures	86,250	-	-	-	-	86,250	-
2018 Debentures	86,250	-	-	-	-	86,250	-
Long-term debt	310,198	113	136	122	212,586	40,006	57,235
Finance lease (1)	62	18	25	19	-	-	-
Operating leases	12,168	5,905	2,156	1,577	1,045	758	727
Due to vendor (2)	16,039	9,592	6,447	-	-	-	-
Contingent consideration	10,427	6,579	3,848	-	-	-	-
Purchase obligations (3)	10,643	10,643	-	-	-	-	-
Total obligations	**658,787**	**32,850**	**64,362**	**76,718**	**213,631**	**213,264**	**57,962**

(1) Includes interest.
(2) Partially settled with AGI inventory.
(3) 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)	**March 31 2018 $**	**March 31 2017 $**
Total assets	1,169,547	933,324
Total liabilities	856,578	630,945

Cash

The Company's cash balance at March 31, 2018 was $20.8 million (December 31, 2017 - $64.0 million; March 31, 2017 – 45.4 million). The Company's cash balance at March 31, 2017 included a portion of the proceeds of AGI's February 2017 equity offering, which were subsequently used to finance the acquisition of Global.

Debt Facilities

(thousands of dollars)	**Currency**	**Maturity**	**Total Facility (CAD) $**	**Amount Drawn $**	**Effective Interest Rate**
Operating Facility	CAD	2021	20,000	-	4.10%
Operating Facility	USD	2021	9,026	-	5.00%
Revolver [(1)(2)]	USD	2021		48,997	3.73%
Revolver [(2)]	USD	2021	168,000	25,788	5.78%
Revolver [(2)]	USD	2021		87,679	5.28%
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	32,235	32,235	3.70%
Equipment Financing [(3)]	CAD	2021	499	499	0.00%
Accordion	CAD	2021	75,000	-	5.00%
Total			**419,516**	**310,198**	

(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) 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 $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.

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 March 31, 2018:

Year Issued / TSX Symbol	Aggregate Principal Amount $	Coupon	Conversion Price $	Maturity Date	Redeemable at Par (1)(2)
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
2018 (AFN.DB.E)	86,250,000	4.50%	88.15	Dec 31, 2022	Jan 1, 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 the 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, 2017	16,160,916
Conversion of 2013 Debentures	157,781
Shares issued under EIAP	124,882
Shares issued under DRIP	20,225
March 31, 2018	**16,463,804**
Shares issued under DRIP	5,907
May 9, 2018	**16,469,711**

At May 9, 2018:

- 16,469,711 Common Shares are outstanding;
- 915,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan (the "EIAP"), 846,678 have been granted of which 351,339 remain unvested;
- 72,278 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
- 4,051,231 Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of $281.1 million outstanding.

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

DIVIDENDS

In the quarter ended March 31, 2018, AGI declared dividends to shareholders of $9.9 million (2017 - $9.4 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-months ended March 31, 2018, dividends paid to shareholders were financed $8.8 million (2017 – $8.3 million) from cash on hand and $1.1 million (2017 – $1.0 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.

(thousands of dollars)	First Quarter March 31 2018 $	 2017 $	Last Twelve Months March 31 2018 $	 2017 $
Adjusted EBITDA[(1)]	30,727	25,674	128,154	102,412
Interest expense	(8,401)	(6,336)	(37,773)	(24,402)
Non-cash interest	886	1,124	7,000	4,418
Cash taxes	(49)	(2,094)	(6,422)	(11,682)
Maintenance CAPEX	(3,029)	(3,043)	(11,203)	(5,859)
IFRS 15 RE adjustment[(1)]	N/A	N/A	(1,532)	N/A
Realized loss on FX contracts	-	(710)	-	(11,535)
Funds from operations	**20,134**	**14,615**	**78,224**	**53,352**
Dividends	9,860	9,356	38,869	35,875
Payout Ratio	**49%**	**64%**	**50%**	**67%**

(1) The Company adopted IFRS 15 in 2018 and as a result recorded sales and adjusted EBITDA of $4.4 million and $1.5 million, respectively, that under IAS 18 had also previously been recognized in 2017. For the purposes of its MD&A, AGI will adjust 2017 results by corresponding amounts accordingly.

The Company's payout ratio in the LTM ended March 31, 2017 was negatively impacted by realized losses on foreign exchange contracts. Excluding these losses, the Company's payout ratio for this LTM period was 55%. 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 into foreign exchange contracts to partially mitigate its foreign exchange risk. AGI has no foreign exchange contracts outstanding as at March 31, 2018.

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	48,997	4.04%

(1) USD $38.0 million converted at the rate of exchange at March 31, 2018.
(2) With performance adjustments.

The change in fair value of the interest rate swap contracts in place as at March 31, 2018 was an unrealized gain of $0.6 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 March 31, 2018, the equity swap agreement covered 530,000 Common Shares at a weighted average price of $35.17. Subsequent to March 31, 2018, the maturity date of the agreement was extended to April 1, 2021..

2017 ACQUISITIONS

Global Industries, Inc.

On 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, 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 Ltd. and Junge Control, Inc.

In December 2017, AGI acquired CMC and 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.

2018 ACQUISITIONS

Danmare

In February 2018, AGI acquired 100% of the shares of Danmare. 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, sauces and meat processing. Sales and adjusted EBITDA for Danmare in its most recently completed fiscal year were $6.4 million and $1.7 million, respectively.

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 offering of convertible debentures and general matters were $0.6 million during the quarter ended March 31, 2018 [2017 – $0.2 million], and $0.1 million is included in accounts payable and accrued liabilities as at March 31, 2018. 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 primarily to our operations in Brazil, was $0.1 million during the three-month period ended March 31, 2018 [2017 – $0.1 million], and $0.1 million is included in accounts payable and accrued liabilities as at March 31, 2018.

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 STANDARDS AND FUTURE ACCOUNTING CHANGES

Adoption of new accounting standards

IFRS 9, Financial instruments

The Company adopted IFRS 9 with a date of application of January 1, 2018. The Company adopted IFRS 9 retrospectively without restatement of prior periods, other than the hedge accounting provisions of IFRS 9 that have been applied prospectively effective January 1, 2018, and accordingly elected to not restate the comparative figures. IFRS 9 introduces new requirements for the classification and measurement of financial assets, introduces a forward-looking expected loss impairment model, and amends the requirements related to hedge accounting.

The standard contains three classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ["FVOCI"] and fair value through profit or

loss ["FVTPL"]. The classification of financial assets under IFRS 9 is based on its contractual cash flow characteristics and the business model in which the financial asset is managed. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and the adoption of IFRS 9 did not change the Company's accounting policies for financial liabilities.

The classification changes for each class of the Company's financial assets and financial liabilities upon adoption at January 1, 2018 had no impact on the measurement of financial instruments, with the exception of long term debt. In 2017, the Company amended its credit facilities to extend the maturity from May 2019 to April 2021, and as result of the change in maturity and adoption of IFRS 9 an adjustment to increase opening retained earnings by $175 was recorded.

For additional information, please refer to Note 3 of the accompanying notes of the unaudited interim condensed consolidated comparative financial statements for the three-month period ended March 31, 2018.

IFRS 15, Revenue from Contracts with Customers

The Company adopted IFRS 15 with an application date of January 1, 2018. The Company applied the modified retrospective method for adopting IFRS 15 and therefore, the comparative information has not been restated and continue to be reported under IAS 18, Revenue and IAS 11, Construction Contracts. Under the modified approach, the cumulative effect of initially applying IFRS 15 is an adjustment to decrease opening retained earnings by $1,532. The adjustment results from the change in the basis of revenue recognition from the transfer of risk and rewards of ownership to the transfer of control. Consequently, revenue recognition was delayed until completion of the performance obligations. During the period ended March 31, 2018, $1,435 of the opening adjustment of $1,532 was recorded into income upon the Company's completion of its performance obligations in accordance with IFRS 15.

For additional information, please refer to Note 3 of the accompanying notes of the unaudited interim condensed consolidated comparative financial statements for the three-month period ended March 31, 2018.

IFRS 2, Share-based payment

In June 2016, the IASB issued amendments to IFRS 2, Share-based Payment ["IFRS 2"], 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 Company's assessment has not identified significant classification, recognition or measurement differences. The Company adopted IFRS 2 as at January 1, 2018.

Standards issued but not yet effective

IFRS 16, Leases

In January 2016, the IASB released IFRS 16, Leases ["IFRS 16"], to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract.

The standard will be effective for the Company 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 unaudited interim condensed 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 December 31, 2016 AGI acquired Global, CMC, Junge and Danmare. 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, Junge and Danmare. The following is the summary financial information pertaining to Global, CMC, Junge and Danmare that was included in AGI's consolidated financial statements for the quarter ended March 31, 2018:

(thousands of dollars)	**Global/CMC/Junge/Danmare** **$**
Revenue [(1)]	46,695
Profit (loss) [(1)]	1,839
Current assets [(1)(2)]	83,151
Non-current assets [(1)(2)]	120,975
Current liabilities [(1)(2)]	30,887
Non-current liabilities [(1)(2)]	3,237

(1) Net of intercompany
(2) Balance sheet as at March 31, 2018

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended March 31, 2018, 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. 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 and input 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, our MD&A for the year ended December 31, 2017 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).