

AG GROWTH INTERNATIONAL INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS
Dated: November 7, 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 and nine month periods ended September 30, 2018.

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

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

This MD&A contains forward-looking information. Please refer to the cautionary language under the heading “Risks and Uncertainties” and “Forward-Looking Information” in this MD&A, the Annual MD&A and in our most recently filed Annual Information Form, all of which are available under the Company’s profile on SEDAR [www.sedar.com].

SUMMARY OF RESULTS

[thousands of dollars except per share amounts]	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade sales ^{[1][2][4]}	243,120	205,666	719,868	582,596
Adjusted EBITDA ^{[1][3][4]}	40,234	36,081	120,181	102,082
Profit	20,744	15,588	38,479	35,464
Diluted profit per share	1.14	0.92	2.25	2.18
Adjusted profit ^[1]	12,637	12,984	46,382	34,598
Diluted adjusted profit per share ^{[1][5]}	0.74	0.79	2.65	2.14

[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 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

[5] See “Detailed Operating Results - Diluted profit per share and diluted adjusted profit per share”.

Trade sales and adjusted EBITDA in the third quarter of 2018 increased significantly compared to the prior year due to strong organic growth in AGI’s Canadian Commercial business as well as higher sales in the U.S. Farm market. Commercial sales increased 34% compared to Q3 2017 due largely to continued momentum in the Canadian Commercial grain and fertilizer platforms.

Offshore, excluding AGI Brazil, the Company continued to deliver on a record backlog however sales excluding acquisitions decreased compared to the previous year due to the timing of customer projects. In Brazil, AGI's operations broke even in the third quarter of 2018 due to a steady increase in sales combined with improving manufacturing efficiencies and declining start-up expenses. AGI's Commercial backlog in Canada and offshore extends well into 2019 and in total is 82% higher than the prior year. Higher sales of portable grain handling equipment in the U.S. Farm market resulted from strong crop conditions and pent up demand, however overall Farm sales decreased in the quarter as an abrupt end to the western Canadian summer negatively impacted storage equipment sales. AGI achieved strong gross margins in Q3 2018 due to higher sales volumes, the realization in Q3 of sales price increases to offset the higher input costs that negatively impacted H1 2018, improving results in Brazil and a continued operational focus at Global and Yargus. However, higher SG&A expenses, largely the result of an increased investment in sales & marketing and engineering initiatives and one-time consulting fees, resulted in a lower adjusted EBITDA margin compared to 2017. Adjusted profit and adjusted profit per share decreased slightly compared to 2017, while diluted profit and profit per share increased significantly compared to the prior year.

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 Industries, Inc. ["Global"] [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], Danmare Group Inc. and its affiliate Danmare, Inc. [collectively, "Danmare"] [February 22, 2018] and Cobalt Investissement and its wholly owned subsidiaries [collectively "Sabe"] [July 31, 2018].

In the disclosure that follows, CMC, Junge, Danmare and Sabe are categorized as 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

Expectations of a large crop in the United States coupled with pent up demand for portable grain handling equipment and recent underinvestment in grain storage are supportive of strong demand for AGI Farm products in the United States in both Q4 2018 and into 2019. In Canada, an abrupt end to summer and poor fall weather conditions are expected to negatively impact Farm sales in Q4 2018 and have a slight negative impact in the first quarter of 2019. Despite difficult conditions in the latter months of 2018, Farm dynamics in Canada remain positive and management anticipates strong demand will return upon commencement of the new crop season in Q2 2019. Based on current conditions, management anticipates that total Farm sales and EBITDA in Q4 2018 will approximate 2017 levels, and we expect year-over-year growth in our Farm business in fiscal 2019.

AGI's Commercial backlog is significantly higher than at the same time in 2017 due to continued investment in Canadian grain and fertilizer infrastructure and robust international demand. In addition, recent acquisitions Junge and Danmare are performing well and are in line with expectations. Accordingly, management anticipates that Commercial sales in North America in the

fourth quarter of 2018 will exceed those of the prior year. International sales momentum is expected to continue in the fourth quarter and into 2019 based on a very strong backlog with particular strength in EMEA and South America. The recent addition of Sabe in France is also expected to contribute to strong international results. Overall, management anticipates sales and EBITDA related to Commercial equipment in the fourth quarter of 2018 will be higher than the prior year and growth is anticipated in 2019.

Results from AGI operations in Brazil have improved in recent quarters due to higher sales volumes, improving manufacturing processes and a less significant impact from start-up related costs. AGI's backlog in Brazil is substantially higher than the prior year and management anticipates a positive contribution from AGI Brazil in the fourth quarter of 2018. Looking ahead to 2019, AGI's Commercial business in Brazil is expected to benefit from a continued need for grain handling infrastructure while AGI's local presence and growing brand recognition in South America is leading to increasing opportunities with local and multinational participants. Farm sales in Brazil are expected to increase due to market share initiatives and the potential for overall market growth, however Farm sales may be impacted by access to capital and a cautious approach to capital investment. Overall, management anticipates improved results from Brazil in 2019 and a positive EBITDA contribution.

In summary, management anticipates trade sales and adjusted EBITDA in the fourth quarter of fiscal 2018 will increase compared to 2017. Looking ahead to 2019, robust demand for grain, feed and fertilizer infrastructure in Canada, strong momentum in international markets, improved results in Brazil and positive North American Farm dynamics are expected to result in growth across all of AGI's platforms and in all geographies, resulting in higher sales and adjusted EBITDA compared to fiscal 2018.

Trade sales and adjusted EBITDA in 2018 and 2019 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. Steel prices have increased significantly over the last number of quarters and volatility in steel markets may be exacerbated by additional U.S. trade actions. 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 financial results. Other factors that may impact results in 2018 and 2019 include the impact of existing and potential future 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"]

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Trade sales ^[1]	243,120	205,666	719,868	582,596
Foreign exchange loss ^[2]	(954)	948	(3,881)	(381)
Total sales ^[1]	242,166	206,614	715,987	582,215

Trade Sales^[1] by Geography

[thousands of dollars]	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Canada, excluding acquisitions	73,302	62,992	246,048	217,355
Acquisitions	4,597	908	8,093	1,528
Total Canada	77,899	63,900	254,141	218,883
U.S., excluding acquisitions	75,417	69,449	186,057	192,072
Acquisitions	41,562	31,365	118,942	59,615
Total U.S.	116,979	100,814	304,999	251,687
International, excluding acquisitions	37,718	36,010	128,025	98,580
Acquisitions	10,524	4,942	32,703	13,446
Total International	48,242	40,952	160,728	112,026
Total excluding acquisitions	186,437	168,451	560,130	508,007
Total acquisitions	56,683	37,215	159,738	74,589
Total Trade Sales^[1]	243,120	205,666	719,868	582,596

Trade Sales^[1] by Category

[thousands of dollars]	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Farm	76,059	85,871	238,081	250,409
Farm - acquisitions	41,515	32,794	121,617	65,386
Total Farm	117,574	118,665	359,698	315,795
Commercial	110,378	82,579	322,049	257,599
Commercial - acquisitions	15,168	4,422	38,121	9,202
Total Commercial	125,546	87,001	360,170	266,801
Total Trade Sales^[1]	243,120	205,666	719,868	582,596

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

[2] A portion of foreign exchange gains and losses are allocated to sales.

Canada

- Trade sales in Canada in the three and nine-month periods, excluding acquisitions, increased 16% and 13% over 2017, respectively, due to strong Commercial sales in both the grain and fertilizer markets. Farm sales decreased against a strong 2017 comparative in part because poor weather conditions late in the year resulted in lower sales of storage equipment. AGI's Commercial backlog in Canada remains at record levels.

- Sales from acquisitions relate primarily to sales of NECO grain dryers, a key element of AGI's acquisition of Global in 2017. AGI will continue to focus on market share growth in what we anticipate will be a growing Canadian grain drying market.

United States

- Excluding acquisitions, trade sales in the United States increased 9% in Q3 2018 and decreased 3% in the nine-month period, as strong sales of portable grain handling equipment in both the three and nine-month periods was offset by lower Commercial sales in the first half of 2018.
- Trade sales from acquisitions in the United States remained strong as demand for MFS and Hutch equipment increased compared to pre-acquisition levels due to improving market dynamics for grain storage systems and other handling equipment. Sales from Junge and Danmare were in line with expectations.

International

- International sales, excluding acquisitions, for the three and nine-month periods increased 5% and 30% over the same periods in 2017. In the three-month period ended September 30, 2018, higher sales at AGI Brazil were partially offset by lower international sales in other parts of the world, the result of timing of customer projects. In the nine-month period, strong sales in EMEA, including the Black Sea region, and higher sales in Brazil and other South American countries contributed to the strong results. 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 relate primarily to recently acquired Sabe and 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"]

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Trade sales ^[1]	243,120	205,666	719,868	582,596
Cost of inventories	166,769	144,039	493,949	396,815
Gross margin ^[1]	76,351	61,627	225,919	185,781
Gross margin as a % of trade sales	31.4%	30.0%	31.4%	31.9%

[1] See "Non-IFRS measures".

Gross margin as a percentage of trade sales for the three months ended September 30, 2018 increased over 2017 due largely to higher sales volumes, the realization in Q3 of sales price increases to offset the higher input costs that negatively impacted H1 2018, improving results in Brazil and a continued operational focus at Global Industries and Yargus. In the nine-month period, gross margin decreased compared to 2017 due in part to lower margins earlier in the year in Brazil and at Global, and due to the impact of higher steel prices, particularly in the first half of 2018.

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.

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Profit from continuing operations before income taxes	26,838	20,255	52,961	49,472
Finance costs	10,883	9,284	28,099	24,736
Depreciation and amortization	8,309	7,594	24,233	22,306
EBITDA	46,030	37,133	105,293	96,514
Loss (gain) on foreign exchange	(2,413)	(8,453)	9,920	(13,069)
Share based compensation	2,311	1,552	6,985	6,434
Gain on financial instruments ^[2]	(7,256)	2,255	(8,501)	(346)
M&A expenses	582	(117)	1,450	970
Other transaction expenses ^[3]	1,051	1,737	3,474	6,862
Gain (loss) on sale of PP&E	(71)	(978)	145	(966)
Fair value of inventory from acquisitions ^[4]	-	2,307	1,183	5,038
Impairment ^[5]	-	645	232	645
Adjusted EBITDA ^{[1][6]}	40,234	36,081	120,181	102,082

[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 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

DETAILED OPERATING RESULTS

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Sales				
Trade sales	243,120	205,666	719,868	582,596
Foreign exchange (gain) loss	(954)	948	(3,881)	(381)
	242,166	206,614	715,987	582,215
Cost of goods sold				
Cost of inventories	166,769	144,039	493,949	396,815
Depreciation /amortization	5,014	4,479	14,832	14,678
	171,783	148,518	508,781	411,493

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Selling, general and administrative expenses				
SG&A expenses	38,990	30,876	115,504	97,600
M&A expenses	582	(117)	1,450	970
Other transaction expenses ^[2]	1,051	1,737	3,474	6,862
Depreciation /amortization	3,295	3,115	9,401	7,628
	43,918	35,611	129,829	113,060
Other operating expenses				
Net (gain) loss on disposal of PP&E	(71)	(23)	145	(11)
Net gain on assets held for sale	-	(955)	-	(955)
Other	(7,770)	831	(9,955)	(2,704)
	(7,841)	(147)	(9,810)	(3,670)
Impairment charge	-	645	232	645
Finance costs	10,883	9,284	28,099	24,736
Finance expense (income)	(3,415)	(7,552)	5,895	(13,521)
Profit from continuing operations before income taxes	26,838	20,255	52,961	49,472
Income tax expense	6,094	4,666	14,482	14,033
Profit for the period from continuing operations	20,744	15,589	38,479	35,439
Profit from discontinued operations	-	(1)	-	25
Profit for the period	20,744	15,588	38,479	35,464
Profit per share				
Basic	1.26	0.97	2.34	2.24
Diluted	1.14	0.92	2.25	2.18

[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 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The 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 September 30, 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 and nine months ended September 30, 2018 was \$1.31 [2017 - \$1.26] and \$1.29 [2017 – \$1.31], respectively. 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 the three and nine-month periods ended September 30, 2018, excluding M&A expenses, other transaction expenses and depreciation/amortization, were \$39.0 million [16.0% of trade sales] and \$115.5 million [16.0%], respectively, versus \$30.9 million [15.0%] and \$97.6 million [16.8%], respectively, in 2017.

Excluding acquisitions, SG&A expenses in Q3 2018 were \$31.1 million [16.7% of trade sales] versus \$25.1 million [14.9%] in 2017. Variances to the prior year include the following:

- Sales & marketing expenses increased \$1.7 million as AGI strategically invested in market growth initiatives including enhancements to its sales force, branding and its digital platform. Management anticipates these expenses will be ongoing.
- Share based compensation expense increased \$0.8 million due to an upwards adjustment to forecasted achievement levels that required a catch-up expense related to prior periods.
- Consulting fees increased \$0.7 million largely due to one-time costs related to product development and labour relations.
- Salary expense increased \$0.6 million due in part to additions to AGI's Business Development and Marketing teams.
- No other individual variance greater was than \$0.5 million.

In the nine-month period, SG&A expenses excluding acquisitions were \$91.6 million [16.4%] versus \$85.1 million [16.8%] in 2017. Consistent with Q3, the increase in SG&A expenses is largely related to investments in Sales & Marketing initiatives, consulting fees and share-based compensation expenses. Expenses in the nine-month period were partially offset by lower accounting and legal expenses and a bad debt recovery.

Finance Costs

Finance costs in the three and nine-month periods ended September 30, 2018 were \$10.9 million and \$28.1 million, respectively, versus \$9.3 million and \$24.7 million, respectively, in 2017. The increase compared to 2017 is largely the result of a \$1.6 million expense related to the accelerated amortization of deferred finance fees. AGI expensed all remaining deferred fees related to its existing senior credit facility due to its intention to refinance the facility subsequent to September 30, 2018.

Finance Expense [income]

Finance income in the three-month period ended September 30, 2018 was \$3.4 million [2017 - \$7.6 million], and in the nine-month period then ended AGI recorded a finance expense of \$5.9 million [2017 – income of \$13.5 million]. 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 the three and nine-month periods ended September 30, 2018 was \$7.8 million and \$9.8 million, respectively, versus \$0.1 million and \$3.7 million, respectively, in 2017. Other operating income includes non-cash gains and losses on financial instruments [see "Equity Compensation Hedge"], which in Q3 2018 included recognition of a \$2.8 million gain on the Company's interest rate swaps related to the anticipated refinancing of AGI's credit facility.

The increase in 2018 is primarily the result of the gain on interest rate swaps, gains on the sale of property, plant & equipment and 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, Danmare and Sabe.

Income tax expense

Current income tax expense

For the three and nine-month periods ended September 30, 2018, the Company recorded current tax expense of \$5.8 million and \$10.9 million, respectively, versus \$1.5 million and \$5.7 million, respectively, in 2017. Current tax expense relates primarily to AGI's U.S. and Italian subsidiaries.

Deferred income tax expense

For the three and nine-month periods ended September 30, 2018, the Company recorded deferred tax expense of \$0.3 million and \$3.6 million, respectively, versus \$3.1 million and \$8.3 million, respectively, in 2017. 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, Canadian exploration expenses, share based compensation and the equity swap.

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. As at September 30, 2018, the balance sheet asset related to these tax attributes is nil. Since the date of Conversion, a cumulative amount of \$55.0 million has been utilized. Utilization of these tax attributes is recognized in deferred income tax expense on the Company’s income statement.

Effective tax rate

[thousands of dollars]	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Current tax expense	5,814	1,541	10,912	5,725
Deferred tax expense	280	3,125	3,570	8,308
Total tax	6,094	4,666	14,482	14,033
Profit from continuing operations before income taxes	26,838	20,255	52,961	49,472
Total tax %	22.7%	23.0%	27.3%	28.4%

The effective tax rate in 2018 was impacted by items that were included in the calculation of earnings before tax for accounting purposes but were not included or deducted for tax purposes. Significant items are included in the tables under “Diluted profit per share and Diluted adjusted profit per share”. The effective tax rate in 2018 was also impacted by the United States corporate income tax rate decrease.

Diluted profit per share and diluted adjusted profit per share

Diluted profit per share in Q3 2018 was \$1.14 [2017 - \$0.92] and for the nine-months ended September 30, 2018 was \$2.25 [2017 - \$2.18]. 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]	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Profit	20,744	15,588	38,479	35,464
Diluted profit per share	1.14	0.92	2.25	2.18
(Gain) loss on foreign exchange	(2,413)	(8,453)	9,920	(13,069)
Fair value of inventory from acquisition ^[2]	-	2,307	1,183	5,038
M&A expenses	582	(117)	1,450	970
Other transaction expenses ^[3]	1,051	1,737	3,474	6,862
(Gain) loss on financial instruments	(7,256)	2,255	(8,501)	(346)
(Gain) loss on sale of PP&E	(71)	(978)	145	(966)
Impairment charge ^[4]	-	645	232	645

Adjusted profit ^[1]	12,637	12,984	46,382	34,598
Diluted adjusted profit per share ^[1]	0.74	0.79	2.65	2.14

[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
Q2	1.29	260,155	12,792	0.78	0.75
Q3	1.31	242,166	20,744	1.26	1.14
YTD	1.29	715,987	38,479	2.34	2.25

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 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

(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], Danmare [Q1 2018] and Sabe [Q2 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 grain and fertilizer 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. AGI's continued expansion into the seed, fertilizer, feed and food verticals should lessen the seasonality related to annual grain volumes and harvest conditions.

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, acquisitions 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

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Profit before tax from continuing operations	26,838	20,255	52,961	49,472
Items not involving current cash flows	373	1,027	37,271	12,756
Cash provided by operations	27,211	21,282	90,232	62,228
Costs related to put option	-	-	-	(48)
Net change in non-cash working capital	(12,688)	7,124	(52,595)	(3,364)
Non-current accounts receivable and other	(1,345)	(1,971)	(883)	(3,112)
Long-term payables	-	-	(135)	-
Settlement of EIAP obligation	57	-	(1,953)	-
Income tax recovered (paid)	(2,096)	575	(6,219)	(7,248)
Cash flows (used in) provided by operating activities	11,139	27,010	28,447	48,456

[thousands of dollars]	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash used in investing activities	(29,793)	(11,642)	(70,506)	(194,847)
Cash (used in) provided by financing activities	43,433	(5,159)	21,330	228,980
Net increase (decrease) in cash from continuing operations during the period	24,779	10,209	(20,729)	82,589
Net (decrease) in cash from discontinued operations	-	(1)	-	25
Cash, beginning of period	18,473	75,180	63,981	2,774
Cash, end of period	43,252	85,388	43,252	85,388

Cash provided by operating activities in the three and nine-month periods ended September 30, 2018 decreased compared to 2017 largely due to net changes in non-cash working capital. Higher cash usage related to inventory was the result of the strategic procurement of higher quantities of steel, the higher cost of steel in AGI's inventory, increased business activity and the timing of certain Commercial sales. The net change in customer deposits also decreased compared to 2017, largely due to the timing of receiving the deposits. Cash used in investing activities relates to the acquisitions of Junge, Danmare and Sabe. Cash provided by financing activities relates primarily to a draw on the Company's revolver facility and the redemption of the 2013 Convertible Debentures net of the issuance of the 2018 Convertible Debentures, less dividends paid.

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 2018 have been generally consistent with historical patterns however recent acquisitions have had the effect of increasing working capital requirements in Q4 and Q1, and higher prices for steel and other inputs resulted in an increase in cash deployed to procure raw material. 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 and is further impacted by higher prices for steel and other material inputs. Recent acquisitions have not significantly impacted AGI's working capital requirements.

Capital Expenditures

Maintenance capital expenditures in the three and nine months ended September 30, 2018 were \$2.2 million [0.9% of trade sales] and \$7.7 million [1.1%], respectively, versus \$3.0 million [1.5%] and \$8.6 million [1.5%], respectively, in 2017. 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 in the three and nine months ended September 30, 2018 of \$6.8 million and \$17.5 million, respectively, versus \$1.7 million and \$32.7 million, respectively, in 2017. In 2018, non-maintenance capital expenditures relate primarily to the purchase of manufacturing equipment and facility expansions.

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. Management anticipates capital expenditures in 2019 will approximate 2018 levels. 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 September 30, 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	361,595	54	279	228	263,331	40,146	57,557
Finance lease ^[1]	84	6	27	24	19	8	-
Operating leases	8,553	856	2,626	1,940	1,353	950	828
Due to vendor ^[2]	22,154	12,293	8,279	1,250	332	-	-
Contingent consideration	8,650	2,482	4,426	892	850	-	-
Purchase obligations ^[3]	14,612	14,612	-	-	-	-	-
Total obligations	714,898	30,303	67,387	79,334	265,885	213,604	58,385

[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

	Nine Months Ended September 30	
	2018	2017
[thousands of dollars]	\$	\$
Total assets	1,230,486	1,120,122
Total liabilities	913,832	821,183

Cash

The Company's cash balance at September 30, 2018 was \$43.3 million [December 31, 2017 - \$64.0 million; September 30, 2017 - \$85.4 million]. The Company's cash balance at September 30, 2017 included a portion of the proceeds of debt and equity raised in relation to AGI's April 2017 acquisition of Global.

Debt Facilities

[thousands of dollars]	Currency	Maturity	Total Facility [CAD] \$	Amount Drawn \$	Effective Interest Rate
Operating Facility	CAD	2021	20,000	-	4.68%
Operating Facility	USD	2021	9,062	-	6.03%
Revolver ⁽¹⁾⁽²⁾	USD	2021		49,191	3.73%
Revolver ⁽²⁾	USD	2021	170,000	25,890	6.11%
Revolver ⁽²⁾	USD	2021		88,026	5.61%
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	32,363	32,363	3.70%
Equipment Financing ⁽³⁾	various	2025	1,125	1,125	various
Accordion	CAD	2021	75,000	50,000	4.70%
Total			422,550	361,595	

[1] Interest rate fixed via interest rate swaps. See "Interest Rate Swaps".

[2] Revolver facilities have a maximum combined total of \$170 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 \$170 million from which CAD or USD can be drawn and a \$75 million accordion feature. 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.

In the three-month period ended September 30, 2018, the Company expensed all remaining deferred fees associated with its senior credit facility due to its intention to refinance the facility in Q4 2018.

Convertible Debentures

The following table summarizes the key terms of the convertible unsecured subordinated debentures of the Company that were outstanding as at September 30, 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 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	144,451
Shares issued under DRIP	26,132
September 30, 2018	16,489,280
October 2018 offering of common shares	1,874,500
November 7, 2018	18,363,780

On October 25, 2018, the Company closed a public offering of 1,874,500 Common Shares at a price of \$61.50 per Common Share for gross proceeds of approximately \$115 million, which includes the exercise in full of the underwriters' over-allotment option. The net proceeds of the offering are to be used to partially repay outstanding indebtedness under AGI's credit facilities, to pursue potential acquisition opportunities and for working capital and general corporate purposes.

At November 7, 2018:

- 18,363,780 Common Shares are outstanding;
- 1,215,000 Common Shares are available for issuance under the Company's Equity Award Incentive Plan [the "EIAP"], of which 846,678 have been granted and 368,322 remain unallocated;
- 75,629 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
- 4,640,965 Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of \$283.6 million outstanding.

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

DIVIDENDS

In the three months ended September 30, 2018, AGI declared dividends to shareholders of \$9.9 million [2017 - \$9.7 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 September 30, 2018, dividends paid to shareholders of \$9.9 million [2017 - \$8.5 million] were financed from cash on hand and \$nil [2017 - \$1.2 million] by the DRIP. AGI suspended its DRIP in Q2 2018.

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.

	Nine Months Ended September 30		Last Twelve Months Ended September 30	
	2018	2017	2018	2017
[thousands of dollars]	\$	\$	\$	\$
Adjusted EBITDA ^[1]	120,181	102,082	141,428	120,430
Interest expense	(28,099)	(24,736)	(39,071)	(30,817)
Non-cash interest	5,042	3,906	8,374	5,017
Cash taxes	(6,219)	(7,248)	(7,438)	(10,895)
Maintenance CAPEX	(7,768)	(8,620)	(10,365)	(9,333)
IFRS 15 adjustment ^[1]	-	-	(1,532)	-
Realized loss on FX contracts	-	(710)	-	(4,550)
Funds from operations	83,137	64,674	91,396	69,852
Dividends	29,633	28,675	39,323	37,540
Payout Ratio	36%	44%	43%	54%

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result in Q1 2018 recorded sales and adjusted EBITDA of \$4.4 million and \$1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. For purposes of comparability, where applicable, these amounts have been adjusted for in the 2017 figures in the above table and elsewhere in this MD&A.

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 September 30, 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	49,191	3.73%

[1] USD \$38.0 million converted at the rate of exchange at September 30, 2018.

[2] With performance adjustments.

During the nine-month period ended September 30, 2018, the change in fair value of the interest rate swap contracts in place was a gain of \$1.0 million.

As at September 30, 2018, the Company ceased to designate the interest swap contracts as hedges due to its intention to refinance the underlying credit facility. As a result, the derivatives were marked to market and a gain of \$2.8 million was recorded in Other Operating Income.

Equity Compensation hedge

The Company holds an equity swap agreement with a financial institution to manage the cash flow exposure due to fluctuations in its share price related to the EIAP. As at September 30, 2018, the equity swap agreement covered 590,000 Common Shares at a weighted average price of \$36.95 and the maturity date of the agreement is April 6, 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.

Sabe

In July 2018, AGI acquired 100% of the outstanding shares of Cobalt Investissement and its wholly owned subsidiaries [collectively "Sabe"]. Based in France, Sabe offers design, manufacturing, installation and commissioning of turnkey solutions to the food industry. The acquisition further evolves AGI's ability to provide complete solutions to a broad customer base. Sales and adjusted EBIDTA for Sabe in its most recently completed fiscal year were €16.4 million and €2.2 million, respectively.

SUBSEQUENT EVENTS

On October 3, 2018, the Company entered into an agreement with a syndicate of underwriters pursuant to which AGI agreed to issue on a "bought deal" basis, 1,630,000 Common Shares at a price of \$61.50 per share and granted the underwriters an over-allotment option to purchase up to an additional 244,500 Common Shares at the same offering price. The Company closed the offering, including the exercise in full of the underwriters' over-allotment option, on October 25, 2018, issuing 1,874,500 Common Shares for gross proceeds of approximately \$115 million.

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 nine-month period ended September 30, 2018 [2017 – \$0.26 million], and \$0.05 million is included in accounts payable and accrued liabilities as at September 30, 2018 [2017 – \$0.05 million]. 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 operations in Brazil, was \$0.08 million during the nine-month period ended September 30, 2018 [2017 – \$0.1 million], and nil is included in accounts payable and accrued liabilities as at September 30, 2018 [2017 – \$0.01 million].

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.

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 and nine-month periods ended September 30, 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 continues 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. As at September 30, 2018, \$1,548, net of foreign exchange, has been 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 and nine month periods ended September 30, 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 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. Under the new standard, the Company will recognize new right-of-use assets and lease liabilities for its operating leases. In addition, the nature and timing of leasing expenses will change as operating lease expenses are replaced by a depreciation charge for right-of-use assets and interest expense on lease liabilities.

On transition the Company can either apply the standard using a retrospective approach or a modified retrospective approach with optional practical expedients. The Company plans to apply the modified retrospective approach and certain practical expedients, where applicable. The Company has identified its qualifying leases under IFRS 16 and will continue to assess the potential impact of IFRS 16 on its consolidated statement of financial position, along with a change to the recognition, measurement and presentation of lease expense in the consolidated statement of income.

The Company has commenced its assessment of IFRS 16 and developed its implementation project plan. The Company has identified and reviewed its significant lease contracts and is in the process of assessing the quantitative impact as a result of the adoption of IFRS 16. The Company will continue its review and finalize quantifying the effects in Q4 of 2018.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

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

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

Subsequent to September 30, 2017 AGI acquired CMC, Junge, Danmare and Sabe. 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 CMC, Junge, Danmare and Sabe. The following is the summary financial information pertaining to CMC, Junge, Danmare and Sabe that was included in AGI's consolidated financial statements for the nine-months ended September 30, 2018:

[thousands of dollars]	CMC/Junge/Danmare/Sabe \$
Revenue ^[1]	20,870
Profit (loss) ^[1]	(768)
Current assets ^{[1][2]}	20,295
Non-current assets ^{[1][2]}	57,945
Current liabilities ^{[1][2]}	74,696
Non-current liabilities ^{[1][2]}	3,799

[1] Net of intercompany

[2] Balance sheet as at September 30, 2018

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended September 30, 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 "trade sales", "EBITDA", "Adjusted EBITDA", "gross margin", "funds from operations", "payout ratio", "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 cyclicity, 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].