AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: March 14, 2019

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, 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 and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR [www.sedar.com].

SUMMARY OF RESULTS

	Three-months Ended December 31		**Year Ended December 31**	
[thousands of dollars except per share amounts]	**2018** **$**	**2017** **$**	**2018** **$**	**2017** **$**
Trade sales [1][2][4]	214,195	167,691	934,063	750,287
Adjusted EBITDA [1][3][4]	28,014	19,715	148,195	121,797
Profit [4]	(11,861)	(1,800)	26,618	33,664
Diluted profit per share [4]	(0.66)	(0.11)	1.56	2.08
Adjusted profit [1][4]	11,766	3,319	58,148	37,917
Diluted adjusted profit per share [1][4][5]	0.66	0.20	3.38	2.35

[1] See "Non-IFRS Measures".
[2] See "Operating Results – Year Ended December 31, 2018 – Trade Sales" and "Operating Results – Three Months Ended December 31, 2018 – Trade Sales".
[3] See "Operating Results – Year Ended December 31, 2018 - EBITDA and Adjusted EBITDA" and "Operating Results – Three Months Ended December 31, 2018 – EBITDA and Adjusted EBITDA".
[4] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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 – Year Ended December 31, 2018 – Diluted profit per share and diluted adjusted profit per share" and "Operating Results – Three Months Ended December 31,2018 - Diluted profit per share and diluted adjusted profit per share".

Trade sales and adjusted EBITDA increased significantly in the fourth quarter of 2018 due to strength in international markets, continued momentum in the Canadian Commercial market and contributions from acquisitions. Adjusted EBITDA as a percentage of sales in the quarter reflected seasonal patterns and was consistent with 2017. AGI Brazil posted a loss for the quarter, despite

an increase in sales, largely due to a significant warranty provision related to damaged steel and expenses incurred in delivery and assembly as we improve our distribution model in Brazil. In the quarter, net profit was negatively impacted by a non-cash foreign exchange loss on U.S. dollar denominated debt and a non-cash loss on the Company's equity compensation swap, however adjusted profit and profit per share increased significantly compared to the prior year.

Trade sales and adjusted EBITDA for the year ended December 31, 2018 were at record levels, significantly exceeding 2017 results. Farm sales increased over 2017 as higher sales in the U.S. and contributions from acquisitions more than offset an expected decrease in Canada from record 2017 levels. Continued momentum in the Canadian grain and fertilizer platforms along with robust international demand resulted in a significant increase in Commercial sales over the prior year. Net profit was negatively impacted by the non-cash foreign exchange loss on U.S. dollar denominated debt and the non-cash loss on the Company's equity compensation swap, however adjusted profit and profit per share increased significantly compared to the prior year. AGI entered 2019 with record backlogs and anticipates continued momentum in both its Farm and Commercial businesses (see "Outlook").

BASIS OF PRESENTATION - ACQUISITIONS

When comparing 2018 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 26, 2018].

In the disclosure that follows, CMC, Junge, Danmare,Sabe and Sentinel Building Systems [steel buildings] of Global are categorized as Commercial 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] operating divisions of Global are categorized as Farm divisions.

OUTLOOK

Successive large crops in the United States and market expectations for another large planting in 2019, coupled with recent underinvestment in grain storage, has resulted in an on-farm storage deficit in the U.S. Accordingly, although farmer economics in the U.S. remain challenged, AGI anticipates strong demand for grain storage systems in 2019. In addition, sales of portable grain handling equipment are expected to benefit from high crop volumes and the replacement nature of the product. In Canada, Farm economics remain positive and management anticipates strong demand in 2019. As a result, AGI's sales order backlog for grain storage systems and portable grain handling equipment is significantly higher than the prior year. However, in both the U.S. and Canada, a long and challenging winter has impacted deliveries and pushed sales from Q1 2019 into Q2 2019. Based on current conditions, management anticipates that total Farm sales and adjusted EBITDA in 2019 will exceed 2018 results.

AGI's Commercial backlog in Canada remain very strong due to continued investment in Canadian commercial grain handling and fertilizer infrastructure, and accordingly management anticipates robust sales in 2019. In the United States, Commercial activity is expected to remain stable

compared to 2018. AGI's international sales backlog is significantly higher than the prior year and momentum is expected to continue throughout 2019 due to strong levels of quoting activity in most regions, including EMEA and Latin America. Accordingly, Commercial backlogs in Canada and offshore remain significantly higher than the prior year. Commercial sales are expected to be weighted towards the second half of 2019 due to challenging winter conditions in North America and customer construction schedules. Overall, management anticipates sales and adjusted EBITDA related to Commercial equipment in 2019 will exceed strong 2018 results.

AGI Brazil entered 2019 with a record sales order backlog that includes a strong Farm component as well as substantial South American commercial projects. New order intake has accelerated over recent quarters and momentum is expected to continue in 2019. Margins are expected to improve in 2019 and over the longer term as AGI continues to apply lean practices on all aspects of the organization, including manufacturing, logistics and customer service. Accordingly, management anticipates adjusted EBITDA in Brazil in 2019 will be higher than the prior year and further improvements are expected over the long-term, however quarterly results may vary as AGI Brazil navigates the complexities of being a start-up company with ambitions of rapid growth in Brazil.

In summary, management anticipates 2019 sales and adjusted EBITDA will increase significantly compared to the prior year. The anticipated growth compared to 2018 is expected to be weighted towards the second half of 2019 due to difficult winter conditions in North America and customer construction schedules. Overall, positive Farm demand drivers in North America are expected to drive sales growth in grain storage systems and portable handling equipment and Commercial sales are anticipated to be very strong in Canada and internationally. Based on existing backlogs, quoting activity and positive demand drivers, management expects record results in 2019 and looks forward with excitement to the upcoming fiscal year.

On March 11, 2019, AGI announced that it had entered into binding purchase agreements to acquire 100% of the outstanding shares of Milltec Machinery Limited ("Milltec") for $109.5 million, plus the potential for up to an additional $38.4 million based on the achievement of financial targets. The transaction will be funded by AGI's revolving credit facility. For the twelve months ended January 31, 2019, Milltec's sales and EBITDA were $56.2 million and $10.1 million, respectively. Milltec's sales reflect agricultural seasonality in India, and historically approximately 70% of their sales have occurred in the first and fourth calendar quarters.

Trade sales and adjusted EBITDA in 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. 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 2019 include the impact of existing and potential future trade actions, the ability of our customers to access capital, 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 – YEAR ENDED DECEMBER 31, 2018

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

		Year Ended December 31	
[thousands of dollars]	**2018** **$**	**2017** **$**	**Change** **$**
Trade sales [1]	934,063	750,287	183,776
Foreign exchange loss [2]	(2,399)	(890)	(1,509)
Total sales [1]	931,664	749,397	182,267

Trade Sales[1] by Geography

		Year Ended December 31	
[thousands of dollars]	**2018** **$**	**2017** **$**	**Change** **$**
Canada, excluding acquisitions	318,730	278,405	40,325
Acquisitions	11,048	1,699	9,349
Total Canada	329,778	280,104	49,674
U.S., excluding acquisitions	236,061	242,800	(6,739)
Acquisitions	147,307	80,244	67,063
Total U.S.	383,368	323,044	60,324
International, excluding acquisitions	175,853	126,815	49,038
Acquisitions	45,064	20,324	24,740
Total International	220,917	147,139	73,778
Total excluding acquisitions	730,644	648,020	82,624
Total acquisitions	203,419	102,267	101,152
Total Trade Sales [1]	**934,063**	**750,287**	**183,776**

Trade Sales[1] by Category

		Year Ended December 31	
[thousands of dollars]	**2018** **$**	**2017** **$**	**Change** **$**
Farm	301,658	308,763	(7,105)
Farm – acquisitions	147,609	88,578	59,031
Total Farm	449,267	397,341	51,926
Commercial	428,985	339,257	89,728
Commercial - acquisitions	55,811	13,689	42,122
Total Commercial	484,796	352,946	131,850
Total Trade Sales [1]	**934,063**	**750,287**	**183,776**

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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, excluding acquisitions, increased 14% 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 2018 resulted in lower sales of storage equipment. AGI's Commercial backlog in Canada remains at heightened 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 decreased 3% over 2017 as strong sales of portable grain handling equipment was offset by lower Commercial sales.
- 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.

International

- International sales, excluding acquisitions, increased 39% over 2017 primarily due to increased activity in EMEA and AGI's increasing share of wallet in international projects. In addition, sales at AGI Brazil increased significantly over 2017. AGI's international backlog entering 2019 was well above the record backlog reported a year ago entering 2018. The backlog is geographically diverse, with particular strength in EMEA and South America.
- International sales from acquisitions relate primarily to 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"]

	Year Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Trade sales [1][2]	934,063	750,287
Cost of inventories [2]	643,467	513,140
Gross margin [1] [2]	**290,596**	**237,147**
Gross margin as a % of trade sales	**31.1%**	**31.6%**

[1] See "Non-IFRS measures".

[2] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

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.

	Year Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Profit from continuing operations before income taxes	**38,564**	**47,200**
IFRS 15 adjustment [6]	-	1,532
Profit from continuing operations before income taxes - adjusted	**38,564**	**45,668**
Finance costs	37,067	35,708
Depreciation and amortization	33,031	29,474
EBITDA	**108,662**	**110,850**
Loss (gain) on foreign exchange	19,004	(11,578)
Share based compensation	8,003	8,057
Loss (gain) on financial instruments [2]	2,061	(357)
M&A expenses	2,283	1,259
Other transaction and transitional costs [3]	6,582	7,506
Loss on sale of PP&E	193	46
Loss (gain) on disposal of assets held for sale	(8)	(955)
Fair value of inventory from acquisitions [4]	1,183	5,037
Impairment [5]	232	1,932
Adjusted EBITDA [1][6]	**148,195**	**121,797**

[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 reversed sales and adjusted EBITDA of $5.3 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 [3]

	Year Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Sales		
Trade sales	934,063	755,605
IFRS 15 adjustment [3]	-	(5,318)
Trade sales - adjusted	934,063	750,287
Foreign exchange loss	(2,399)	(890)
	931,664	749,397

Cost of goods sold		
Cost of inventories	643,467	516,926
IFRS 15 adjustment [3]	-	(3,786)
Cost of inventories - adjusted	643,467	513,140
Depreciation /amortization	20,038	19,075
	663,505	532,215
Selling, general and administrative expenses		
SG&A expenses	154,056	131,942
M&A expenses	2,283	1,259
Other transaction and transitional costs [2]	6,582	7,506
Depreciation /amortization	12,993	10,399
	175,914	151,106
Other operating expenses		
Loss on disposal of PP&E	193	46
Gain on disposal of assets held for sale	(8)	(955)
Loss (gain) on financial instruments	2,061	(357)
Other	(2,267)	(3,379)
	(21)	(4,645)
Impairment charge	232	1,932
Finance costs	37,067	35,708
Finance expense (income)	16,403	(12,587)
Profit from continuing operations before income taxes	38,564	45,668
Income tax expense	11,946	12,045
Profit for the period from continuing operations	26,618	33,623
Profit from discontinued operations	-	41
Profit for the period	**26,618**	**33,664**
Profit per share		
Basic	1.58	2.11
Diluted	1.56	2.08

[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 reversed sales and adjusted EBITDA of $5.3 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 year. The loss on foreign exchange in 2017 also related to the impact of non-cash translation, but also included a realized loss on foreign exchange forward contracts of $0.7 million. As at December 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 in fiscal 2018 was $1.29 [2017 - $1.31]. 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 2018 excluding M&A expenses, other transaction expenses and depreciation/amortization, were $154.1 million [16.5% of trade sales], versus $131.9 million [17.5%] in 2017.

Excluding acquisitions, SG&A expenses in 2018 were $121.8 million [16.7% of trade sales] versus $113.5 million [17.5%] in 2017. Variances to the prior year include the following:

- Sales & marketing expenses increased $2.9 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.
- Bad debt expense decreased due primarily to recovery of an insured receivable expensed in previous years.
- No other individual variance greater was than $1.0 million.

Finance Costs

Finance costs in 2018 were $37.1 million [2017 - $35.7 million]. 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 refinanced its credit facility in Q4 2018 and accordingly AGI expensed all remaining deferred fees related to its previous senior credit facility.

Finance Expense (income)

Finance expense in 2018 was $16.4 million [2017 - $(12.6) 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 2018 was $0.02 million [2017 - $4.6 million]. Other operating income includes non-cash gains and losses on financial instruments [see "Equity Compensation Hedge"]. The decrease in 2018 is primarily the result of losses related to the equity swap and reduction in income related to the delivery of equipment in accordance with the share purchase agreement with NuVision, partially offset by a gain on the Company's interest rate swap [see "Financial Instruments"].

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

Tax expense in 2018 was $10.5 million [2017 - $6.7 million]. Current tax expense relates primarily to AGI's U.S. and Italian subsidiaries.

Deferred income tax expense

Deferred tax expense in 2018 was $1.4 million [2017 - $5.3 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, Canadian exploration expenses and share based compensation.

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 December 31, 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

	Year Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Current tax expense	10,517	6,712
Deferred tax expense	1,429	5,333
Total tax	**11,946**	**12,045**
Profit from continuing operations before income taxes [1]	38,564	45,668
Total tax %	31.0%	26.4%

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

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 [5]

Diluted profit per share in 2018 was $1.56 [2017 - $2.08[5]]. 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]	Year Ended December 31 2018 $	 2017 $
Profit [5]	26,618	33,664
Diluted profit per share [5]	1.56	2.08
Loss (gain) on foreign exchange	19,004	(11,578)
Fair value of inventory from acquisition [2]	1,183	5,037
M&A expenses	2,283	1,259
Other transaction and transitional costs [3]	6,582	7,506
Loss (gain) on financial instruments	2,061	(357)
Loss on sale of PP&E	193	46
Gain on disposal of assets held for sale	(8)	(955)
Impairment charge [4]	232	1,932
Non-cash accretion related to early redemption of the 2013 Convertible Debentures	-	1,363
Adjusted profit [1]	**58,148**	**37,917**
Diluted adjusted profit per share [1]	3.38	2.35

[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.
[5] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

Selected Annual Information (thousands of dollars, other than per share amounts and payout ratio) [2]

	 2018 $	Year Ended December 31 2017 $	 2016 $
Sales [2]	931,664	749,397	531,616
EBITDA [1][2]	108,662	110,850	75,824
Adjusted EBITDA [1][2]	148,195	121,797	100,307
Profit from continuing operations [2]	26,618	33,623	18,953
Basic profit per share from continuing operations [2]	1.58	2.11	1.29
Fully diluted profit per share from continuing operations [2]	1.56	2.08	1.27
Profit [2]	26,618	33,664	19,306
Basic profit per share [2]	1.58	2.11	1.31
Fully diluted profit per share [2]	1.56	2.08	1.29
Funds from operations [1][2]	96,067	72,933	52,766
Payout ratio [1][2]	42%	53%	67%
Dividends declared per Common Share	2.40	2.40	2.40
Total assets [2]	1,233,559	1,139,173	850,151
Total long-term liabilities [2]	569,642	568,373	480,821

[1] See "Non-IFRS Measures".
[2] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

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

- Acquisitions in 2017 and 2018 (see "Basis of Presentation – Acquisitions") and the 2016 acquisitions of Entringer, NuVision, Mitchell and Yargus significantly impact information in the table above.
- Sales, gain (loss) on foreign exchange, profit and profit per share are significantly impacted by the rate of exchange between the Canadian and U.S. dollars.

QUARTERLY FINANCIAL INFORMATION
[thousands of dollars other than per share amounts and exchange rate]:

2018					
	Average USD/CAD Exchange Rate	**Sales $**	**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
Q4	1.31	215,677	(11,861)	(0.66)	(0.66)
YTD	**1.29**	**931,664**	**26,618**	**1.58**	**1.56**

2017[1]					
	Average USD/CAD Exchange Rate	**Sales $**	**Profit (Loss) $**	**Basic Profit (Loss) per Share $**	**Diluted Profit (Loss) per Share $**
Q1	1.32	154,536	5,127	0.33	0.33
Q2	1.35	221,065	14,749	0.92	0.88
Q3	1.26	206,614	15,588	0.97	0.92
Q4[1]	1.27	167,182	(1,800)	(0.11)	(0.11)
YTD[1]	**1.31**	**749,397**	**33,664**	**2.11**	**2.08**

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

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

- AGI's acquisitions of Global [Q2 2017], CMC [Q4 2017], Junge [Q4 2017], Danmare [Q1 2018] and Sabe [Q3 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.

OPERATING RESULTS – THREE MONTHS ENDED DECEMBER 31, 2018

	Three Months Ended December 31	
	2018	2017
[thousands of dollars except per share amounts]	$	$
Trade sales [1][2][4]	214,195	167,691
Adjusted EBITDA [1][3][4]	28,014	19,715
Profit (loss) [4]	(11,861)	(1,800)
Diluted profit (loss) per share [4]	(0.66)	(0.11)
Adjusted profit [1][4]	11,766	3,319
Diluted adjusted profit per share [1][4][5]	0.66	0.20

[1] See "Non-IFRS Measures".
[2] See "Operating Results – Quarter Ended December 31, 2018 – Trade Sales".
[3] See "Operating Results – Quarter Ended December 31, 2018 – EBITDA and Adjusted EBITDA".
[4] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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 increased significantly in the fourth quarter of 2018 due to strength in international markets, continued momentum in the Canadian Commercial market and contributions from acquisitions. Adjusted EBITDA as a percentage of sales in the quarter reflected seasonal patterns, and was consistent with 2017, as higher Farm margins including higher margins at Global were offset by the impact of sales mix within the Commercial group. AGI Brazil posted a loss for the quarter, despite an increase in sales, largely due to a significant warranty provision related to damaged steel and the deferral of a large commercial project into 2019. In the quarter, net profit (loss) was negatively impacted by a non-cash foreign exchange loss on U.S. dollar denominated debt and a non-cash loss on the Company's equity comp swap, however adjusted profit and profit per share increased significantly compared to the prior year.

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

	Three Months Ended December 31		
	2018	2017	Change
[thousands of dollars]	$	$	$
Trade sales [1]	214,195	167,691	46,504
Foreign exchange (gain) loss [2]	1,482	(509)	1,991
Total sales [1]	**215,677**	**167,182**	**48,495**

Trade Sales[1] by Geography

	Three Months Ended December 31		
	2018	2017	Change
[thousands of dollars]	$	$	$
Canada, excluding acquisitions	72,682	61,050	11,632
Acquisitions	2,955	171	2,784
Total Canada	75,637	61,221	14,416
U.S., excluding acquisitions	50,004	50,728	(724)
Acquisitions	28,365	20,629	7,736
Total U.S.	78,369	71,357	7,012
International, excluding acquisitions	47,828	28,235	19,593
Acquisitions	12,361	6,878	5,483
Total International	60,189	35,113	25,076
Total excluding acquisitions	170,514	140,013	30,501
Total acquisitions	43,681	27,678	16,003
Total Trade Sales [1]	**214,195**	**167,691**	**46,504**

Trade Sales[1] by Category

	Three Months Ended December 31		
	2018	2017	Change
[thousands of dollars]	$	$	$
Farm	63,577	58,356	5,221
Farm - acquisitions	25,992	23,192	2,800
Total Farm	89,569	81,548	8,021
Commercial	106,936	81,656	25,280
Commercial - acquisitions	17,690	4,487	13,203
Total Commercial	124,626	86,143	38,483
Total Trade Sales [1]	**214,195**	**167,691**	**46,504**

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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, excluding acquisitions, increased 19% compared to 2017 due to higher sales of portable handling and storage equipment and continued organic growth in the Canadian commercial market.
- Sales from acquisitions in the quarter of $3.0 million benefited from higher sales of Neco dryers and the additions of CMC and Junge late in Q4 2017.

United States

- In the United States, trade sales excluding acquisitions approximated 2017 levels as Commercial sales remained stable while US Farm sales maintained pace with strong Q4 2017 sales
- Trade sales from acquisitions in the United States of $28.4 million benefited from higher sales of Global product and the additions of CMC, Junge and Danmare.

International

- AGI's international sales, excluding acquisitions, increased 69% over 2017, as AGI continued to deliver on a strong order backlog. The increase compared to the prior year is primarily due to higher sales in Brazil and EMEA.
- International sales from acquisitions relate primarily to Global and the addition of Sabe in Q3 2018.

Gross Margin [see "Non-IFRS Measures" and "Basis of Presentation - Acquisitions"]

	Three Months Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Trade sales [1][2]	214,195	167,691
Cost of inventories [2]	149,518	116,325
Gross margin [1] [2]	**64,677**	**51,366**
Gross margin as a % of trade sales	**30.2%**	**30.6%**

[1] See "Non-IFRS measures".
[2] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

Historically, gross margin percentages are lower in the fourth quarter of a fiscal year due to lower sales volumes and preseason sales discounts. Margins in Q4 2018 remained consistent with the prior year as strong Farm margins were offset by lower margins in the Commercial group that were largely the result of sales mix.

Selling, General and Administrative Expenses

For the three months ended December 31, 2018, SG&A expenses, excluding acquisitions, were $30.1 million or 17.6% of trade sales (2017 - $28.4 million and 20.3%). As a percentage of sales, SG&A expenses in the fourth quarter of a fiscal year are generally higher than the annual percentage due to seasonally lower sales volumes. The increase, net of acquisitions, in Q4 2018 compared to Q4 2017 is primarily the result of the following:

- Sales & marketing expenses increased $1.1 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.
- The remaining variance resulted from several offsetting factors with no individual variance larger than $1.0 million.

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 December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Profit from continuing operations before income taxes	**(14,397)**	**(2,272)**
IFRS 15 adjustment [6]	-	1,532
Profit from continuing operations before income taxes – adjusted	**(14,397)**	**(3,804)**
Finance costs	8,968	10,972
Depreciation and amortization	8,798	7,168
EBITDA	**3,369**	**14,336**
Loss on foreign exchange	9,084	1,491
Share based compensation	1,018	1,623
Loss (gain) on financial instruments [2]	10,562	(11)
M&A expenses	833	289
Other transaction and transitional costs [3]	3,108	644
Loss on sale of PP&E	48	1,012
Gain on disposal of assets held for sale	(8)	(955)
Fair value of inventory from acquisitions [4]	-	(1)
Impairment [5]	-	1,287
Adjusted EBITDA [1][6]	**28,014**	**19,715**

[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 reversed sales and adjusted EBITDA of $5.3 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.

Adjusted EBITDA for the three months ended December 31, 2018 was $28.0 million (2017 - $19.7 million). The increase from 2017 was primarily the result of higher Commercial sales in Canada and offshore and EBITDA related to acquisitions made in 2017 and 2018.

Diluted profit per share and diluted adjusted profit per share

Diluted profit (loss) per share in 2018 was $(0.66) [2017 - $(0.11)]. Profit (loss) per share in 2018 and 2017 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit:

	Three Months Ended December 31	
	2018	**2017**
[thousands of dollars except per share amounts]	**$**	**$**
Profit (loss) [5]	(11,861)	(1,800)
Diluted profit (loss) per share [5]	(0.66)	(0.11)
Loss on foreign exchange	9,084	1,491
Fair value of inventory from acquisition [2]	-	(1)
M&A expenses	833	289
Other transaction and transitional costs [3]	3,108	644
Loss on financial instruments	10,562	(11)
Loss on sale of PP&E	48	1,012
Gain on disposal of assets held for sale	(8)	(955)
Impairment charge [4]	-	1,287
Non-cash accretion related to early redemption of the 2013 Convertible Debentures	-	1,363
Adjusted profit [1]	**11,766**	**3,319**
Diluted adjusted profit per share [1]	0.66	0.20

[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.
[5] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

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

[thousands of dollars]	Year Ended December 31 2018 $	2017 $
Profit before tax from continuing operations	38,564	47,200
IFRS 15 adjustment [1]	-	(1,532)
Profit before tax from continuing operations - adjusted	38,564	45,668
Items not involving current cash flows	81,794	25,419
Cash provided by operations	120,358	71,087
Costs related to put option	-	(48)
Net change in non-cash working capital [1]	(63,017)	(7,934)
Non-current accounts receivable and other	(3,942)	(4,180)
Long-term payables	(280)	-
Settlement of EIAP obligation	(1,953)	-
Income tax paid	(9,975)	(8,467)
Cash flows provided by operating activities	41,191	50,458
Cash used in investing activities	(88,635)	(213,519)
Cash provided by financing activities	17,073	224,227
Net increase (decrease) in cash from continuing operations during the period	(30,371)	61,166
Net increase in cash from discontinued operations	-	41
Cash, beginning of period	63,981	2,774
Cash, end of period	**33,610**	**63,981**

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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.

Cash provided by operating activities in fiscal 2018 decreased compared to 2017 largely due to a significant increase in non-cash working capital that related primarily to increases in inventory and accounts receivable. Higher cash usage related to inventory was primarily the result of the strategic procurement of higher quantities of steel and the higher cost of steel in AGI's inventory. Accounts receivable increased compared to the prior year due to higher sales in the fourth quarter of 2018 and the rate of foreign exchange at year-end compared to the prior year. 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 2018 were $11.3 million [1.2% of trade sales] versus 11.2 million [1.5% of trade sales] 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 2018 of $25.3 million [2017 – 40.5 million]. 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 $30 million in fiscal 2019. Maintenance and non-maintenance capital expenditures in 2019 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 December 31, 2018 the Company's contractual obligations for the periods indicated:

[thousands of dollars]	**Total $**	**2019 $**	**2020 $**	**2021 $**	**2022 $**	**2023 $**	**2024+ $**
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	274,283	288	245	242	137	214,168	59,203
Finance lease [1]	230	65	67	62	36	-	-
Operating leases	11,059	3,317	2,611	1,893	1,423	841	974
Due to vendor	9,345	7,973	823	549	-	-	-
Contingent consideration	6,596	4,576	1,010	1,010	-	-	-
Purchase obligations [2]	9,308	9,308	-	-	-	-	-
Total obligations	**610,071**	**77,277**	**79,756**	**3,756**	**174,096**	**215,009**	**60,177**

[1] Includes interest.
[2] 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 the Credit Facility and non-amortizing notes [see "Capital Resources – Debt Facilities"].

CAPITAL RESOURCES

Assets and Liabilities

[thousands of dollars]	2018 $	2017 $
Total assets	1,233,559	1,139,173
Total liabilities	799,360	848,493

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 million and $1.5 million, respectively, that under IAS 18 had previously been recognized in 2017. In addition, total assets and total liabilities were also increased by $1.9 million and $3.4 million respectively. 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.

Cash

The Company's cash balance at December 31, 2018 was $33.6 million [2017 - $64.0 million].

Debt Facilities

[thousands of dollars]	Currency	Maturity	Total Facility [CAD] $	Amount Drawn $	Effective Interest Rate
Operating Facility	CAD	2023	40,000	-	4.73%
Operating Facility	USD	2023	27,284	-	6.15%
Canadian Revolver [1]	CAD	2023	350,000	69,203	4.84%
USD Revolver [1]	USD	2023		144,877	5.40%
Series B Notes [2]	CAD	2025	25,000	25,000	4.44%
Series C Notes [2]	USD	2026	34,105	34,105	3.70%
Equipment Financing [2]	various	2025	1,098	1,098	various
Total			**477,487**	**274,283**	

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

During the year ended December 31, 2018, AGI entered into a credit agreement,[the "Credit Agreement"] with a syndicate of banks under which the existing term and revolving loans were replaced by the Canadian and U.S. revolving facilities. AGI's revolver facilities of $350 million can be drawn in Canadian or U.S. funds. The facilities bear interest at BA or LIBOR plus 1.45% to BA or LIBOR plus 2.5% and prime plus 0.45% to prime plus 1.5% per annum based on performance calculations.

The Company has also 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 year ended December 31, 2018, the Company expensed all remaining deferred fees associated with its previous senior credit facility due to replacement of 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 December 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, 2022

[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, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligation to pay interest on the Debentures by delivering sufficient common shares. The Company does not expect to exercise the option to satisfy its obligations to pay the principal amount or interest by delivering common shares. The number of shares issued will be determined based on market prices at the time of issuance.

DEBENTURE OFFERING AND PENDING REDEMPTION OF 2014 DEBENTURES

On February 25, 2019 the Company entered into an agreement with a syndicate of underwriters pursuant to which it agreed to issue on a "bought deal" basis $75,000,000 aggregate principal amount of senior subordinated unsecured debentures (the "Debentures") at a price of $1,000 per Debenture (the "Offering"). AGI also granted to the Underwriters an over-allotment option, exercisable in whole or in part for a period expiring 30 days following closing, to purchase up to an additional $11,250,000 aggregate principal amount of Debentures at the same price. If the over-allotment option is fully exercised, the total gross proceeds from the Offering to AGI will be $86,250,000. The net proceeds of the Offering will be used to fund the redemption of the Company's 2014 Debentures, to repay existing indebtedness and for general corporate purposes.

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
Common Share offering	1,874,500
December 31, 2018	**18,363,780**
Shares issued under EIAP	249,244
March 13, 2018	**18,613,024**

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 were 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 March 13, 2019:

- 18,613,024 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;
- 78,153 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
- 4,051,230 Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of $299.3 million outstanding.

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

DIVIDENDS

AGI declared dividends to shareholders in 2018 of $40.7 million [2017 - $38.4 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 2018, dividends paid to shareholders of $39.3 million [2017 – $33.5 million] were financed from cash on hand and $1.4 million [2017 – $4.9 million] by the DRIP. AGI suspended its DRIP in Q2 2018.

FUNDS FROM OPERATIONS AND PAYOUT RATIO [see "Non-IFRS Measures"]

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

	Year Ended December 31	
	2018	**2017**
[thousands of dollars]	**$**	**$**
Adjusted EBITDA [1]	148,195	123,329
IFRS 15 adjustment [1]	-	(1,532)
Interest expense	(37,067)	(35,708)
Non-cash interest	6,206	7,238
Cash taxes	(9,975)	(8,467)
Maintenance CAPEX	(11,292)	(11,217)
Realized loss on FX contracts	-	(710)
Funds from operations	**96,067**	**72,933**

Dividends	40,650	38,365
Payout Ratio	**42%**	**53%**

[1] The Company adopted IFRS 15 in 2018 without retrospective application and as a result reversed sales and adjusted EBITDA of $5.3 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 December 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 [1]
Canadian dollar contracts	CAD	2019-2022	90,000	3.6-4.3%
U.S. dollar contracts	USD	2020	38,000	3.8%

[1] With performance adjustments.

During the year ended December 31, 2018, the existing hedges were discontinued as the forecasted cash flows were no longer probable as a result of the debt replacement. Consequently, the derivatives were marked to market and a gain of $2.8 million was recorded in gain on financial instrument in other operating income. The interest rate swap was reclassified from fair value through other comprehensive income ("OCI") to fair value through profit and loss. In the year ended December 31, 2018, the Company has recorded a gain on financial instruments of $1.7 million in other operating income. The amount of gain recorded in OCI during the year ended December 31, 2017 was $1.8 million.

Equity Compensation hedge

The Company is party to an equity swap agreement with a financial institution to manage the Company's cash flow exposure due to fluctuations in its share price related to the EIAP. As at December 31, 2018, the equity swap agreement covered 650,000 Common Shares at a weighted average price of $37.77 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 fiscal years-ended May 2017 and December 2016 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 fiscal year-ended August 2017 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 EBITDA for Sabe in its fiscal year-ended May 2018 were €16.4 million and €2.2 million, respectively.

SUBSEQUENT EVENT

The Company acquired 100% of the shares of Improtech Ltd. ["Improtech"] on January 18, 2019 and 100% of the shares of IntelliFarms LLC on March 5, 2019 for a combined maximum purchase price of $22.4 million. Upon closing $13 million was payable to the vendors and $9.4 million is payable over a three-year period. In addition, a contingent consideration of $6 million is payable based on meeting certain earnings targets.

Improtech is a provider of engineering solutions to the food and beverage industry. Improtech enhances AGI's ability to provide complete engineering solutions to an increasingly diverse customer base.

IntelliFarms LLC is a provider of hardware and software solutions that benefit grain growers, processors, and other participants in the agriculture market. IntelliFarms enhances AGI's ability to provide innovative technology solutions, including grain monitoring, field management and bin management, to its customer base.

On March 11, 2019, the Company entered into a binding purchase agreement to acquire 100% of the shares of Milltec Machinery Limited ["Milltec"], for a combined maximum purchase price of $109.5 million, plus the potential for up to an additional $38.4 million based on the achievement of financial targets. The transaction will be funded by AGI's revolving credit facility. Completion of the agreement is subject to a number of customary conditions in favour of the Company, including accounting and tax registrations and other corporate matters. Subject to satisfaction of these conditions precedent, closing is expected to occur by March 31, 2019.

Milltec is a provider of machinery and equipment for the grains milling and seeds processing industry. Milltec's products complement AGI's existing product offerings. For the twelve months ended January 31, 2019, Milltec's sales and EBITDA were $56.2 million and $10.1 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 general matters was $1,435 during the year ended December 31, 2018 [2017 – $261], and $803 is included in accounts payable and accrued liabilities as at December 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 ownera minority shareholder of Salthammer Inc. The total cost of these consulting services related to international plant expansion project was $80 [2017 – $159] during the year ended December 31, 2018, and nil is included in accounts payable and accrued liabilities as at December 31, 2018.

CRITICAL ACCOUNTING ESTIMATES

Described in the notes to the Company's 2018 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, 2018 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 audited consolidated financial statements for the year ended December 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 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 December 31, 2018, revenue adjusted upon adoption has all 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 audited consolidated financial statements for the year ended December 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 to set out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract. The standard is effective for the Company from 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 those short-term leases and low value leases to which will be recognized on a straight-line basis as expense in profit or loss. The Company is finalizing the incremental borrowing rate applicable to each qualifying lease and continues 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.

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, 2017 AGI acquired 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 Danmare and Sabe. The following is the summary financial information pertaining to Danmare and Sabe that was included in AGI's consolidated financial statements for the year ended December 31, 2018:

[thousands of dollars]	**Danmare/Sabe $**
Revenue [1]	14,863
Profit (loss) [1]	(2,711)
Current assets [1][2]	13,001
Non-current assets [1][2]	35,749
Current liabilities [1][2]	10,960
Non-current liabilities [1][2]	6,076

[1] Net of intercompany
[2] Balance sheet as at December 31, 2018

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended December 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 "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, the financial information in this MD&A relating to Milltec's sales and EBITDA is derived from Milltec's financial statements, which are prepared in accordance with generally accepted accounting principles in India, 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.

This MD&A also 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 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].