

AG GROWTH INTERNATIONAL INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
Dated: May 7, 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 Management's Discussion and Analysis (the "Annual MD&A") of the Company for the year ended December 31, 2018 and the unaudited interim condensed consolidated comparative financial statements of the Company and accompanying notes for the three-month period ended March 31, 2019. Results are reported in Canadian dollars unless otherwise stated.

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

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

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

SUMMARY OF RESULTS

	Three-months Ended March 31	
	2019	2018
[thousands of dollars except per share amounts]	\$	\$
Trade sales ^{[1][2]}	216,198	214,097
Adjusted EBITDA ^{[1][3]}	30,637	30,727
Profit ^[4]	13,222	4,943
Diluted profit per share	0.70	0.30
Adjusted profit ^[1]	4,991	11,463
Diluted adjusted profit per share ^{[1][4]}	0.27	0.70

- [1] See "Non-IFRS Measures".
- [2] See "Operating Results – Three-Months Ended March 31, 2019 – Trade Sales".
- [3] See "Operating Results – Three-Months Ended March 31, 2019 – EBITDA and Adjusted EBITDA".
- [4] See "Detailed Operating Results – Diluted profit per share and diluted adjusted profit per share".

Trade sales increased over the prior year as robust demand for AGI Farm equipment and contributions from recent acquisitions offset the impact of challenging winter conditions in North America and the timing of international sales. Adjusted EBITDA was consistent with record 2018 levels as strong gross margins and improved results in Brazil were offset by SG&A expenses related to market growth, primarily branding and advertising initiatives. Adjusted profit and adjusted profit per share decreased compared to 2018, largely due to increases in 2019 in non-cash interest expense and intangible amortization, and due to an income tax recovery in 2018, however the positive impact of non-cash gains on foreign exchange and the Company's equity compensation swap resulted in a significant increase in profit and diluted profit per share compared to the prior year.

BASIS OF PRESENTATION - ACQUISITIONS

When comparing 2019 results to 2018, we have in some cases noted the impact of acquisitions made in 2019 and 2018. When noted, both the 2019 and 2018 periods exclude results from acquisitions made in those years, namely Danmare Group Inc. and its affiliate Danmare, Inc. [collectively, "Danmare"] [February 22, 2018], Cobalt Investissement and its wholly owned subsidiaries [collectively "Sabe"] [July 26, 2018], Improtech Ltd. ["Improtech"] [January 18, 2019], IntelliFarms, LLC ["IntelliFarms"] [March 5, 2019], and Milltec Machinery Limited ["Milltec"] [March 28, 2019].

In the disclosure that follows, Danmare, Sabe, Improtech and Milltec are categorized as Commercial divisions. IntelliFarms is categorized as a Farm division.

OUTLOOK

Successive large crops in North America have resulted in sustained demand for AGI Farm equipment, particularly for portable grain handling equipment, while sales and backlogs of grain drying and aeration equipment have benefited from market share growth and wet conditions throughout North America. Orders for grain storage systems in the U.S. have been negatively impacted by difficult winter conditions, however management anticipates backlogs to grow in the near-term as U.S. farmers remain incented to add storage due to low commodity prices and a shortfall in existing storage capacity. Overall, AGI's backlog for Farm equipment is

higher than at the same time in 2018 and management anticipates Q2 2019 and fiscal 2019 sales to increase over the prior year.

AGI's Commercial backlog in Canada remains very strong due to continued investment in Canadian commercial grain handling infrastructure, including in port facilities and inland terminals. In the United States, Commercial activity is expected to remain stable compared to the prior year. Offshore, sales in Q1 2019 were the second highest on record and backlogs remain above the very strong levels of 2018 due largely to a higher backlog in Brazil and contributions from acquisitions. AGI's quoting pipeline in EMEA and elsewhere is very active and management anticipates the current backlog will increase in the near-term. Commercial sales growth is anticipated in Q2 2019 and fiscal 2019, however the expectation remains that sales growth in all regions, including Brazil, will be weighted towards the second half.

On March 28, 2019, AGI announced the completion of its acquisition of Milltec, a manufacturer of rice milling and processing equipment in India. For the twelve months ended January 31, 2019, Milltec's sales and EBITDA were \$56.2 million and \$10.1 million, respectively. Milltec's results in calendar 2019 will be impacted by, among other things, the Indian monsoon season which is currently expected to approximate historical averages. Milltec's sales reflect agricultural seasonality in India, and historically approximately 70% of their sales have occurred in the first and fourth calendar quarters, while sales have been lowest in the second quarter of the calendar year. Management anticipates Milltec's historical seasonality will continue in 2019.

Overall, positive demand drivers for AGI Farm equipment, including the expectation of another large crop in North America, are expected to drive sales growth across all Farm product categories in 2019. Commercial sales are expected to benefit from existing backlogs and near-term opportunities, as well as the recent addition of Milltec in India. Management anticipates AGI sales and adjusted EBITDA for Q2 2019 and fiscal 2019 will increase compared to the prior year, with the most significant growth expected to occur in the second half of the year.

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.

IFRS 16, Leases ["IFRS 16"]

In 2019 the Company adopted IFRS 16 and recorded a right of use asset and a lease liability of \$9,071 as at January 1, 2019. The Company applied IFRS 16 using the modified retrospective approach and accordingly comparative information has not been restated. In the comparative three-month period ending March 31, 2018, adjusted EBITDA included expenses related to operating leases of \$752 of which \$632 would have related to right of use assets under IFRS 16. In the three-month period ended March 31, 2019 under IFRS 16, these payments are not categorized as an operating expense and instead AGI has recorded depreciation expense of \$704 related to its right of use assets.

OPERATING RESULTS – THREE-MONTHS ENDED MARCH 31, 2019

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

	Three-months Ended March 31		
	2019	2018	Change
[thousands of dollars]	\$	\$	\$
Trade sales	216,198	214,097	2,101
Foreign exchange loss ^[1]	(1,163)	(431)	(732)
Total sales	215,035	213,666	1,369

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

Trade Sales by Geography

	Three-months Ended March 31		
	2019	2018	Change
[thousands of dollars]	\$	\$	\$
Canada, excluding acquisitions	75,960	72,989	2,971
Acquisitions	1,451	334	1,117
Total Canada	77,411	73,323	4,088
U.S., excluding acquisitions	91,682	86,581	5,101
Acquisitions	3,015	372	2,643
Total U.S.	94,697	86,953	7,744
International, excluding acquisitions	38,557	53,821	(15,264)
Acquisitions	5,533	-	5,533
Total International	44,090	53,821	(9,731)
Total excluding acquisitions	206,199	213,391	(7,192)
Total acquisitions	9,999	706	9,293
Total Trade Sales	216,198	214,097	2,101

Trade Sales by Category

	Three-months Ended March 31		
	2019	2018	Change
[thousands of dollars]	\$	\$	\$
Farm	110,708	109,248	1,460
Farm – acquisitions	1,023	-	1,023
Total Farm	111,731	109,248	2,483
Commercial	95,491	104,143	(8,652)
Commercial - acquisitions	8,976	706	8,270
Total Commercial	104,467	104,849	(382)
Total Trade Sales	216,198	214,097	2,101

Canada

- Trade sales in Canada, excluding acquisitions, increased 4% over Q1 2018 despite the impact of difficult winter conditions in western Canada:
 - Sales of Farm equipment increased across most product categories with particular strength in aeration and grain drying. Farm backlogs in Canada remain higher than 2018.
 - Commercial sales decreased as the prior year included certain fertilizer projects with low margin pass-through items. Excluding these projects from the March 31, 2018 backlog, the Canadian commercial backlog in the current year is higher than the strong backlogs recorded at the same time in 2018.
- Sales from acquisitions relate primarily to Danmare and Improtech.

United States

- Trade sales in the U.S., excluding acquisitions, increased 6% over 2018:
 - Demand for grain dryers and portable grain handling equipment resulted in increased sales compared to 2018, and backlogs for these products are higher than the prior year. Total Farm backlogs are lower than 2018 due to the impact of challenging winter conditions on the timing of sales of grain storage systems.
 - Sales of Commercial equipment in Q1 2019 were level compared to the prior year, while Commercial backlogs in the U.S. are lower compared to March 31, 2018. Demand for Commercial equipment in the United States is anticipated to remain stable.
- Trade sales from acquisitions in the United States increased as a result of Danmare and IntelliFarms.

International

- International trade sales, excluding acquisitions, decreased 28% compared to 2018:
 - Strong sales in Brazil and continued strength in EMEA resulted in Q1 2019 international sales being the second highest on record. The decrease compared to the record sales levels of Q1 2018 largely related to the timing of customer projects in the current year compared against Q1 2018 which included shipments to large projects in Ukraine.
- As noted in our Q4 2018 Outlook, international sales in the current year are expected to be weighted towards the second half of the year due to customer timing requirements. International backlogs are consistent with 2018 levels and management anticipates the current backlog will increase in the near-term.
- International sales from acquisitions relate primarily to Sabe.

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

	Three-months Ended March 31	
	2019	2018
[thousands of dollars]	\$	\$
Trade sales ^[1]	216,198	214,097
Cost of inventories	145,858	147,344
Gross margin ^[1]	70,340	66,753
Gross margin as a % of trade sales	32.5%	31.2%

[1] See "Non-IFRS measures".

The increase in gross margin compared to the prior was the result of a number of factors, including improved margins in Brazil and the inclusion in 2018 of lower margin pass-through items.

EBITDA and Adjusted EBITDA [see "Non-IFRS Measures" and "Basis of Presentation – Acquisitions"]

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

	Three-months Ended March 31	
	2019	2018
[thousands of dollars]	\$	\$
Profit before income taxes	17,821	6,173
Finance costs	9,899	8,401
Depreciation and amortization	9,758	7,931
EBITDA	37,478	22,505
Loss (gain) on foreign exchange	(2,525)	5,701
Share based compensation	1,391	1,702
Gain on financial instruments ^[2]	(10,438)	(233)
M&A expenses	2,137	168
Other transaction and transitional costs ^[3]	2,624	136

Loss on sale of PP&E	(54)	(70)
Fair value of inventory from acquisitions ^[4]	24	586
Impairment ^[5]	-	232
Adjusted EBITDA ^[1]	30,637	30,727

[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.

DETAILED OPERATING RESULTS

	Three-months Ended March 31	
	2019	2018
[thousands of dollars]	\$	\$
Sales		
Trade sales	216,198	214,097
Foreign exchange loss	(1,163)	(431)
	215,035	213,666
Cost of goods sold		
Cost of inventories	145,858	147,344
Depreciation and amortization	5,422	4,940
	151,280	152,284
Selling, general and administrative expenses		
SG&A expenses	42,040	38,848
M&A expenses	2,137	168
Other transaction and transitional costs ^[2]	2,624	136
Depreciation and amortization	4,336	2,991
	51,137	42,143
Other operating income		
Loss on disposal of PP&E	(54)	(70)
Gain on financial instruments	(10,438)	(233)
Other	(870)	(481)
	(11,362)	(784)

Impairment charge	-	232
Finance costs	9,899	8,401
Finance expense (income)	(3,740)	5,217
Profit before income taxes	17,821	6,173
Income tax expense	4,599	1,230
Profit for the period	13,222	4,943

Profit per share

Basic	0.71	0.30
Diluted	0.70	0.30

[1] See "Non-IFRS Measures".

[2] Includes restructuring and other acquisition related transition costs, as well as the accretion and other movement in contingent consideration and amounts due to vendors.

Impact of Foreign Exchange

Gains and Losses on Foreign Exchange

The 2019 gain on foreign exchange was a non-cash gain 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 three-month period ended March 31, 2019. As at March 31, 2019, 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-month period ended March 31, 2019 was \$1.33 [2018 - \$1.26]. A weaker Canadian dollar relative to the U.S. dollar results in higher reported sales for AGI, as U.S. dollar denominated sales are translated into Canadian dollars at a higher rate. Similarly, a weaker Canadian dollar results in higher costs for U.S. dollar denominated inputs and SG&A expenses. In addition, a weaker Canadian dollar may result in higher input costs of certain Canadian dollar denominated inputs, including steel. On balance, adjusted EBITDA increases when the Canadian dollar weakens relative to the U.S. dollar.

Selling, General and Administrative Expenses [“SG&A”]

SG&A expenses for the three-month period ended March 31, 2019 excluding M&A expenses, other transaction expenses and depreciation/amortization, were \$42.0 million [19.4% of trade sales], versus \$38.8 million [18.1% of trade sales] in 2018.

Excluding acquisitions, SG&A expenses in 2019 were \$40.1 million [19.4% of trade sales] versus \$38.7 million [18.1% of trade sales] in 2018. Variances to the prior year include the following:

- Sales & marketing expenses increased \$1.0 million as AGI continued to invest in market growth initiatives including further investment in branding initiatives and its digital platform. Management anticipates these expenses will be ongoing however the year-over-year variance is expected to lessen later in 2019.
- No other individual variance greater was than \$0.5 million.

Finance Costs

Finance costs for the three-month period ended March 31, 2019 were \$9.9 million [2018 - \$8.4 million]. Non-cash interest expense increased \$1.0 million as deferred fees related to AGI's 2014 Debentures were expensed upon the announcement they would be redeemed in Q2 2019, and due to the amortization of fees related to the Company's debt refinancing in Q4 2018. The remaining increase relates primarily to higher interest rates.

Finance Expense (income)

Finance expense (income) for the three-month period ended March 31, 2019 was \$(3.7) million [2018 - \$5.2 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 for the three-month period ended March 31, 2019 was \$11.4 million [2018 - \$0.8 million]. Other operating income includes non-cash gains and losses on financial instruments and the increase in 2019 relates to a large gain on AGI's equity compensation hedge [see "Equity Compensation Hedge"].

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 the three-month period ended March 31, 2019 primarily relates to the acquisitions of Danmare, Sabe, Improtech and IntelliFarms as well as depreciation of \$0.7 million that resulted from the adoption of IFRS 16.

Income tax expense

Current income tax expense

Current tax expense for the three-month period ended March 31, 2019 was \$1.3 million [2018 - \$0.4 million]. Current tax expense relates primarily to AGI's Canadian, U.S. and Italian subsidiaries.

Deferred income tax expense

Deferred tax expense for the three-month period ended March 31, 2019 was \$3.3 million [2018 - \$0.8 million]. Deferred tax expense in 2019 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 deferred finance fees, EIAP obligation, Canadian exploration expenses and equity swap.

Effective tax rate

	Three-months Ended March 31	
	2019	2018
[thousands of dollars]	\$	\$
Current tax expense	1,286	426
Deferred tax expense	3,313	804
Total tax	4,599	1,230
Profit before income taxes	17,821	6,173
Total tax %	25.8%	19.9%

The effective tax rate in 2019 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".

Diluted profit per share and diluted adjusted profit per share

Diluted profit per share in 2019 was \$0.70 [2018 - \$0.30]. Profit per share in 2019 and 2018 has been impacted by the items enumerated in the table below, which reconciles profit to adjusted profit. Adjusted diluted profit per share has decreased compared to 2018 largely due to a higher tax expense, the result of an income tax recovery in Q1 2018, and non-cash interest expense related to AGI's credit facility renewal in Q4 2018 and the redemption of AGI's 2014 Debentures.

	Three-months Ended March 31	
	2019	2018
[thousands of dollars except per share amounts]	\$	\$
Profit	13,222	4,943
Diluted profit per share	0.70	0.30
Loss (gain) on foreign exchange	(2,524)	5,701
Fair value of inventory from acquisition ^[2]	24	586
M&A expenses	2,137	168
Other transaction and transitional costs ^[3]	2,624	136
Gain on financial instruments	(10,438)	(233)
Loss on sale of PP&E	(54)	(70)
Impairment charge ^[4]	-	232
Adjusted profit ^[1]	4,991	11,463
Diluted adjusted profit per share ^[1]	0.27	0.70

[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]:

2019					
	Average USD/CAD Exchange Rate	Sales \$	Profit (Loss) \$	Basic Profit per Share \$	Diluted Profit per Share \$
Q1	1.33	215,035	13,222	0.71	0.70
YTD	1.33	215,035	13,222	0.71	0.70

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

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

- AGI's acquisitions of Danmare [Q1 2018], Sabe [Q3 2018], Improtech [Q1 2019], IntelliFarms [Q1 2019] and Milltec [Q1 2019] 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. Sales historically have been higher in the second and third calendar quarters compared with the first and fourth quarters and 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 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 March 31	
	2019	2018
[thousands of dollars]	\$	\$
Profit before tax	17,821	6,173
Items not involving current cash flows	(1,621)	17,868
Cash provided by operations	16,200	24,041
Net change in non-cash working capital	(29,858)	(24,352)
Non-current accounts receivable and other	(736)	(703)
Long-term payables	-	(135)
Settlement of EIAP obligation	(2,098)	(1,950)
Income tax paid	(673)	(49)
Cash flows used in operating activities	(17,165)	(3,148)
Cash used in investing activities	(129,689)	(31,047)
Cash provided by (used in) financing activities	203,323	(9,004)
Net increase (decrease) in cash during the period	56,469	(43,199)
Cash, beginning of period	33,610	63,981
Cash, end of period	90,079	20,782

Cash used in operating activities increased compared to 2018 largely due to an increase in non-cash working capital, as movement in customer deposits and accounts payable generated cash of \$29.6 million in 2018 compared to a use of cash of \$1.4 million in the current year. Cash used in investing activities relates to the acquisitions of Improtech, IntelliFarms and Milltec.

Cash provided by financing activities relates primarily to a draw on the Company's revolver facility to fund acquisitions and issuance of debentures in Q1 2019, less dividends paid.

Working Capital Requirements

Interim period working capital requirements typically reflect the seasonality of the business. AGI's collections of accounts receivable in North America 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 in North America increasing throughout the year and peaking in the third quarter. Inventory levels in North America typically increase in the first and second quarters and then begin to decline in the third or fourth quarter as sales levels exceed production. The recent expansion of AGI's fertilizer business has had the effect of increasing working capital requirements in Q4 and Q1, and Milltec's seasonality is opposite of that described above. In addition, AGI's growing business in Brazil is less seasonal due to the existence of two growing seasons in the country and the increasing importance of Commercial business in the region. Growth in overall international business has resulted in an increase in the number of days accounts receivable remain outstanding and may result in increased usage of working capital in certain quarters. Overall, requirements for AGI in 2019 are expected to be generally consistent with historical patterns.

Capital Expenditures

Maintenance capital expenditures in the three-month period ended March 31, 2019 were \$3.3 million [1.5% of trade sales] versus 3.0 million [1.4% of trade sales] in 2018. Maintenance capital expenditures in 2019 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-month period ended March 31, 2019 of \$6.8 million [2018 – \$4.9 million]. In 2019, 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 \$33 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 March 31, 2019 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	-	-
2019 Debentures	86,250	-	-	-	-	-	86,250
Long-term debt	400,545	346	394	371	205	340,725	58,504
Lease liability	10,324	2,322	2,691	1,989	1,494	858	970
Short term and low value leases	612	244	162	133	71	2	-
Due to vendor	17,042	11,985	2,271	1,835	951	-	-
Contingent consideration	17,250	4,709	5,558	970	6,013	-	-
Preferred shares liability	32,120	-	-	19,272	12,848	-	-
Purchase obligations ^[1]	14,270	14,270	-	-	-	-	-
Total obligations	877,663	85,626	86,076	24,570	194,082	341,585	145,724

[1] Net of deposit.

The Debentures relate to the aggregate principal amount of the debentures [see "Capital Resources - 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

	March 31 2019	March 31 2018
[thousands of dollars]	\$	\$
Total assets	1,520,009	1,169,547
Total liabilities	1,097,647	856,578

Cash

The Company's cash balance at March 31, 2019 was \$90.1 million [2018 - \$20.8 million]. On April 2, 2019, the Company redeemed from cash its \$51.8 million principal amount 2014 Debentures.

Debt Facilities

[thousands of dollars]			Total Facility [CAD] ^{[1][2]}	Amount Drawn ^[1]	Effective Interest Rate
	Currency	Maturity	\$	\$	
Canadian Swing Line	CAD	2023	40,000	3,675	4.95%
Canadian Revolver Tranche A ^[4]	CAD	2023	135,000	104,953	5.06%
Canadian Revolver Tranche B	USD	2023	53,452	50,000	4.95%
U.S. Revolver ^{[3][5]}	USD	2023	233,852	182,004	5.73%
Series B Notes ^[6]	CAD	2025	25,000	25,000	4.44%
Series C Notes ^[6]	USD	2026	33,407	33,407	3.70%
Equipment Financing ^[6]	various	2025	1,436	1,436	Various
Total			522,148	400,475	

- (1) USD denominated amounts translated to CAD at the rate of exchange in effect on March 31, 2019 of \$1.3363.
- (2) Excludes the \$200 million accordion available under AGI's credit facility.
- (3) Inclusive of USD \$20 million swing-line facility.
- (4) Interest rate fixed for \$90 Million via interest rate swaps. See "Interest Rate Swaps".
- (5) Interest rate fixed for US \$38 Million via interest rate swaps. See "Interest Rate Swaps".
- (6) Fixed interest rate.

The Company has a credit facility [the "Credit Facility"] with a syndicate of Canadian chartered and other banks that includes committed revolver facilities of \$462 million from which CAD or USD can be drawn. Amounts drawn under the Credit Facility 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 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.

Debentures

Convertible Debentures

The following table summarizes the key terms of the convertible unsecured subordinated debentures of the Company that were outstanding as at March 31, 2019:

Year Issued / TSX Symbol	Aggregate Principal Amount		Conversion Price		Maturity Date	Redeemable at Par ⁽¹⁾⁽²⁾
	\$	Coupon	\$			
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 number of shares issued will be determined based on market prices at the time of issuance.

The Company redeemed its 2014 Debentures on April 2, 2019. Upon redemption, AGI paid to the holders of the 2014 Debentures \$52,435 equal to the outstanding principal amount of the 2014 Debentures redeemed including all accrued and unpaid interest up to but excluding the redemption date, less taxes deducted or withheld. Consequently, the Company expensed the remaining unamortized balance of \$425 of deferred fees related to the 2014 Debentures. The expense was recorded to finance costs in the unaudited interim condensed consolidated statements of income.

Debentures

On March 19, 2019, the Company closed the offering of \$75 million aggregate principal amount of senior subordinated unsecured debentures (the "2019 Debentures") and on March 26, 2019, closed the over-allotment option of \$11.25 million. The following table summarizes the key terms of the 2019 Debentures that were outstanding as at March 31, 2019:

Year Issued / TSX Symbol	Aggregate Principal		
	Amount	Coupon	Maturity Date
	\$		
2019 [AFN.DB.F]	86,250,000	5.40%	June 30 2024

On redemption or at maturity, the Company may, at its option, elect to satisfy its obligation to pay the principal amount of the 2019 Debentures by issuing and delivering common shares. The Company may also elect to satisfy its obligation to pay interest on the 2019 Debentures by delivering sufficient common shares. The number of shares issued will be determined based on market prices at the time of issuance.

COMMON SHARES

The following number of Common Shares were issued and outstanding at the dates indicated:

	# Common Shares
December 31, 2018	18,363,780
Settlement of EIAP obligation	281,025
March 31, 2019	18,644,805
Conversion of 2017 Convertible Debentures	299
May 7, 2019	18,645,104

At May 7, 2019:

- 18,645,104 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 1,081,428 have been granted and 133,572 remain unallocated;
- 80,082 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
- 3,261,999 Common Shares are issuable on conversion of the outstanding convertible debentures, of which there are an aggregate principal amount of \$247.5 million outstanding.

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

DIVIDENDS

AGI declared dividends to shareholders in the three-month period ended March 31, 2019 of \$11.1 million [2018 - \$9.9 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. In the three-month period ended March 31, 2019, dividends paid to shareholders of \$11.1 million [2018 - \$8.8 million] were financed from cash on hand and nil [2018 - \$1.1 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.

	Three-Months Ended		Last Twelve Months Ended	
	March 31		March 31	
	2019	2018	2019	2018
[thousands of dollars]	\$	\$	\$	\$
Adjusted EBITDA	30,637	30,727	148,105	128,154
IFRS 15 adjustment ^[1]	-	-	-	(1,532)
Interest expense	(9,899)	(8,401)	(38,565)	(37,773)
Non-cash interest	1,892	886	7,212	7,000
Cash taxes	(673)	(49)	(10,599)	(6,422)
Maintenance CAPEX	(3,269)	(3,029)	(11,532)	(11,203)
Funds from operations	18,688	20,134	94,621	78,224
Dividends	11,128	9,860	41,917	38,869
Payout Ratio	60%	49%	44%	50%

[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, these amounts have been adjusted for in the last twelve months ended March 31, 2018 figures in the above table.

FINANCIAL INSTRUMENTS

Foreign exchange contracts

Risk from foreign exchange arises as a result of variations in exchange rates between the Canadian and the U.S. dollars and to a lesser extent to variations in exchange rates between the Euro and the Canadian dollar. AGI may enter into foreign exchange contracts to partially mitigate its foreign exchange risk. AGI has no foreign exchange contracts outstanding as at March 31, 2019.

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	50,000	4.3%
Canadian dollar contracts	CAD	2022	40,000	3.8%
U.S. dollar contracts	USD	2020	38,000	3.8%

[1] With performance adjustments.

The Company enters into interest rate swap contracts to manage its exposure to fluctuations in interest rates on its core borrowings. The interest rate swap contracts are derivative financial instruments and changes in the fair value were recognized as a gain (loss) on financial instruments in other operating income. Through these contracts, the Company agreed to receive interest based on the variable rates from the counterparty and pay interest based on fixed rates between 3.6% and 4.3%. The notional amounts are \$140,779 in aggregate, resetting the last business day of each month. The contracts expire between May 2019 and May 2022.

During the three-month period ended March 31, 2019, a loss of \$892 [2018 – gain of \$590] was recorded on financial instruments.

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 March 31, 2019, the equity swap agreement covered 722,000 Common Shares at a weighted average price of \$38.76 and the maturity date of the agreement is April 6, 2021.

As at March 31, 2019, the unrealized gain on the equity swap was \$17,066, and in the three-month period ended March 31, 2019, the Company recorded a gain in other operating income of \$11,096 [2018 – \$233].

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 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.

2019 ACQUISITIONS

Improtech

In January 2019, AGI acquired 100% of the outstanding shares of Improtech. Improtech is a professional engineering services firm specializing in providing engineering design, project management and integration of new machinery and processes within the food and beverage

industry. The acquisition further evolves AGI's ability to provide complete solutions to a broad customer base.

IntelliFarms

In March 2019, AGI acquired IntelliFarms, a provider of hardware and software solutions that benefit grain growers, processors, and other participants in the agriculture market. IntelliFarms was founded in 2001 and is headquartered in Archie, Missouri. Sales at IntelliFarms for the year ended December 31, 2018 were approximately \$11.0 million USD.

Milltec

In March 2019, AGI acquired 100% of the outstanding shares of Milltec. The purchase price for Milltec was \$113.1 million, plus the potential for up to an additional \$30.8 million based on the achievement of EBITDA targets. Milltec is headquartered in Bangalore, India, and is a market leading manufacturer of rice milling and processing equipment in India. For the twelve months ended January 31, 2019, Milltec's sales and EBITDA were \$56.2 million and \$10.1 million, respectively.

SUBSEQUENT EVENT

On April 2, 2019, the Company redeemed its 2014 Debentures in accordance with the terms of the supplemental trust indenture dated December 1, 2014. Upon redemption, AGI paid to the holders of the 2014 Debentures the redemption price of \$52,435 equal to the outstanding principal amount of the 2014 Debentures redeemed including accrued and unpaid interest up to but excluding the Redemption date, less taxes deducted or withheld.

Consequently, in the three-month period ended March 31, 2019, the Company expensed the remaining unamortized balance of \$425 of deferred fees related to the 2014 Debentures. The expense was recorded to finance costs in the unaudited interim condensed consolidated statements of income.

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 and other matters was \$265 during the three-month period ended March 31, 2019

[2018 – \$564], and \$250 is included in accounts payable and accrued liabilities as at March 31, 2019. These transactions are measured at the exchange amount and were incurred during the normal course of business.

Salthammer Inc. previously provided consulting services to the Company, and a Director of AGI is a minority shareholder of Salthammer Inc. The total cost of these consulting services related to international plant expansion project was nil during the three-month period ended March 31, 2019 [2018 – \$66], and nil is included in accounts payable and accrued liabilities as at March 31, 2019.

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 16, Leases ["IFRS 16"]

The Company has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4.

Effective January 1, 2019, the Company adopted IFRS 16 and the following are the policies for leases.

At inception of a contract, AGI assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset, which may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

This policy is applied to contracts entered into, or changed, on or after January 1, 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocated the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings, AGI has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

For contracts entered into before January 1, 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets;
- and
- the arrangement had conveyed a right to use the asset.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the

underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant, and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. On adoption of IFRS 16, AGI used the incremental borrowing rate as required by the Standard.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rates, the amount expected to be payable under a residual value guarantee, or the Company's assessment of whether it will exercise a purchase, extension or termination option. Upon remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Company has elected not recognize right of uses assets and lease liabilities for short-term leases (12 months or less) and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a result of adoption of IFRS 16, the Company recorded a right of use asset and a lease liability of \$9,071 as at January 1, 2019 on the consolidated statements of financial position.

IAS 19, Employee Benefits ["IAS 19"]

The Company adopted the amendments to IAS 19 with a date of application of January 1, 2019. The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

These amendments will be applied prospectively to any future plan amendments, curtailments or settlements of the Company; as at March 31, 2019, there were no such amendments.

IFRIC 23 – Uncertainty Over Income Tax Treatments

The Company adopted IFRIC 23 with a date of application of January 1, 2019. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
- If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
- If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The Company's adoption of IFRIC 23 did not have a significant impact on the Company's unaudited interim condensed consolidated financial statements.

Standards issued but not yet effective

IFRS 3, *Business Combinations* ["IFRS 3"]

The IASB issued amendments to the definition of a business in IFRS 3 to help entities determine whether an acquired set of activities and assets is a business or not. The amendments clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test.

The amendments must be applied to transactions that are either business combinations or asset acquisitions for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020. Consequently, transactions that occurred in prior periods do not need to be reassessed.

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 March 31, 2018 AGI acquired Sabe, Improtech, IntelliFarms and Milltec. 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 Sabe, Improtech, IntelliFarms and Milltec. The following is the summary financial information pertaining to Sabe, Improtech, IntelliFarms and Milltec that was included in AGI's consolidated financial statements for the three-month period ended March 31, 2019:

[thousands of dollars]	Sabe/Improtech/IntelliFarms/Milltec
	\$
Revenue ^[1]	7,057
Profit (loss) ^[1]	(1,260)
Current assets ^{[1][2]}	45,363
Non-current assets ^{[1][2]}	184,504
Current liabilities ^{[1][2]}	48,349
Non-current liabilities ^{[1][2]}	40,792

[1] Net of intercompany

[2] Balance sheet as at March 31, 2019

There have been no material changes in AGI's internal controls over financial reporting that occurred in the three-month period ended March 31, 2019, 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 before income taxes, finance costs, depreciation and amortization. References to "adjusted EBITDA" are to EBITDA before the gain or loss on foreign exchange, non-cash share based compensation expenses, gain or loss on financial instruments, M&A expenses, other transaction and transitional costs, gain or loss on the sale of property, plant & equipment, gain or loss on disposal of assets held for sale and 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 – Three Months Ended March 31, 2019 - EBITDA and Adjusted EBITDA" for the reconciliation of EBITDA and Adjusted EBITDA to profit 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 – Three Months Ended March 31, 2019 – Gross Margin" for the calculation of gross margin.

References to "funds from operations" are to adjusted EBITDA less IFRS 15 adjustment, interest expense, non-cash interest, cash taxes 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 the gain or loss on foreign exchange, fair value of inventory from acquisitions, M&A expenses, other transaction and transitional costs, gain or loss on financial instruments, gain or loss on sale of property, plant and equipment and impairment charge. 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.

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.

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, as well as sociopolitical conditions in certain local or regional markets, 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 cyclical, 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 annual MD&A and in our most recently filed Annual Information Form, all of which are available under the Company's profile on SEDAR [www.sedar.com]. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking information. We cannot assure readers that actual results will be consistent with this forward-looking information. Readers are further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. These estimates may change, having either a negative or positive effect on profit, as further information becomes available and as the economic environment changes. The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. The forward-looking information included in this MD&A is made as of the date of this MD&A and AGI undertakes no obligation to publicly update such forward-looking information to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

ADDITIONAL INFORMATION

Additional information relating to AGI, including AGI's most recent Annual Information Form, is available under the Company's profile on SEDAR [www.sedar.com].