Ag Growth Announces Fourth Quarter and Annual 2014 Results; Declares Dividends

Winnipeg, MB, March 13, 2015 – Ag Growth International Inc. (TSX: AFN) ("AGI" or the "Company") today announced its financial results for the three and twelve month periods ended December 31, 2014, and declared dividends for March, April and May 2015.

Overview of Results

(thousands of dollars)	Three Months Ended December 31		Year Ended December 31	
	2014	**2013**	**2014**	**2013**
Trade sales (1)	92,278	88,016	409,700	358,348
Adjusted EBITDA (1)(2)	12,997	14,751	78,228	64,270
Net profit	(19,409)	518	4,100	22,591
Diluted profit per share	($1.45)	$0.04	$0.31	$1.77
Adjusted net profit (1)	3,677	2,350	35,331	22,221
Diluted adjusted profit per share (3)	$0.27	$0.18	$2.64	$1.74

(1) See "Non-IFRS Measures".
(2) To better align the Company's Adjusted EBITDA metric with operating cash flow AGI has revised its method of calculating Adjusted EBITDA to exclude non-cash share based compensation expenses. For the three and twelve month periods ended December 31, 2014 this non-cash expense was $1.0 million (2013 - $0.8 million) and $4.5 million (2013 - $3.1 million), respectively.
(3) See "Profit and Profit per Share" table below.

Trade sales and adjusted EBITDA for the year ended December 31, 2014 both represent record highs for AGI and were primarily the result of a strong performance in AGI's core North American market. Demand for AGI's industry leading grain handling brands was stimulated by record crop volumes in the U.S. and continued investment in the North American commercial grain handling infrastructure. A favourable product mix, high production volumes and the continued benefit of lean manufacturing contributed to a strong operational performance across all business lines, a higher gross margin compared to 2013, and record adjusted EBITDA of $78.2 million in 2014.

Operating results in the fourth quarter were generally strong however adjusted EBITDA was below AGI's record fourth quarter in 2013. Trade sales in North America in the quarter exceeded record 2013 comparatives as strong demand for portable grain handling equipment more than offset a decrease in commercial equipment sales that was expected due to an exceptionally strong Q4 2013 comparative. Offshore sales benefited from significant growth in Latin America but were $4.5 million lower than in the fourth quarter of 2013 in part due to the timing of sales in 2013 where in the fourth quarter a single customer in Ukraine accounted for sales of $14 million. In addition, in the fourth quarter of 2014, weakness in Finland-based Mepu's regional market contributed to a $2.0 million decline in sales compared to 2013.

Gross margin decreased in the fourth quarter of 2014 primarily due to product mix, a $0.6 million warranty charge related to specialized aeration flooring and a lower gross margin at AGI's Union Iron division as higher demand for structural products challenged engineering resources and consequently disrupted normal work flows. The lower margin at Union Iron is being addressed through a full product line review including lean initiatives in both engineering and production. The above factors resulted in an overall decrease in adjusted EBITDA compared to the Q4 2013 record.

Adjusted EBITDA in the quarter did not meet management expectations of an increase over 2013 despite a generally strong performance at most divisions. The shortfall against expectations primarily related to construction delays on a project in Latin America that deferred sales into 2015. In addition, the Company agreed to a warranty extension with a North American customer of specialized aeration floors and recorded a $0.6 million charge in the quarter. With the exception of these items, results were largely in line with management expectations.

"While pleased with our overall performance in Q4, we are disappointed with the last minute nature of delays in international shipment, "said Gary Anderson, Chief Executive Officer. "We have made a sincere attempt at improving the transparency of our international business but remain challenged by the number of moving parts at any given point in time. Certain projects we expected to ship in Q4 were delayed, not due to political or credit issues but rather as a result of customer controlled variables including last minute design changes as well as civil works and construction constraints. The good news is this business will be captured in H1 2015."

"As we look ahead to 2015 we are seeing farmer sentiment adjusting to the new reality of lower commodity prices. The natural reaction of sitting on their wallets is lessening with the optimism of a new growing season. We remain positive with our outlook for 2015 in the knowledge that if farmers grow a big crop they will need lots of handling equipment to move it to storage and to market."

Profit and Profit per Share

The comparison of diluted profit and diluted profit per share between the current and prior periods is significantly impacted by items in the table below:

	Three Months Ended December 31		Year Ended December 31	
(thousands of dollars)	**2014**	**2013**	**2014**	**2013**
Profit as reported Diluted profit per share as reported	(19,409) $(1.45)	518 $0.04	4,100 $0.31	22,591 $1.77
Non-cash CRA settlement	16,889	0	16,889	0
Loss on foreign exchange	5,147	1,766	11,963	3,977
Transaction costs	642	33	1,801	286
Non-cash loss on available-for-sale investment	0	0	1,100	0
Loss (gain) on sale of property, plant and equipment	408	33	(522)	(4,633)
Adjusted profit (1) Diluted adjusted profit per share (1)	3,677 $0.27	2,350 $0.18	35,331 $2.64	22,221 $1.74

(1) See “Non-IFRS Measures”.

OUTLOOK

Demand for portable grain handling equipment is driven primarily by the volume of grains grown. A record crop in the U.S. in 2014 combined with an average crop in Canada resulted in relatively low post-harvest dealer inventory levels, albeit slightly elevated from the year prior. Commodity prices are not considered a key demand driver for portable equipment and should not impact ultimate end user demand. However, as a portion of AGI’s independent dealer network also sell commodity price sensitive mainline equipment, cash flow considerations may result in these dealers deferring purchases until later in the year. On balance, portable grain handling equipment backlogs are strong however are not at the levels of a year ago. Based on current conditions, first quarter sales are expected to be strong while demand later in the second quarter and especially in the second half of 2015 will be influenced by the number of acres planted, dealer buying behavior, weather patterns, crop conditions and the timing of harvest and conditions during harvest.

Commercial grain handlers generate profits via volume throughput and handling efficiencies and accordingly the longer-term trend towards increasing amounts of grain grown continues to drive demand for commercial handling equipment in North America. Although the domestic business climate remains positive and quoting levels are high, compared to a year ago customers are not committing to projects as early in the season. Because AGI's commercial handling business is project based the magnitude of backlog for this equipment at a point in time is subject to volatility based on the addition or subtraction of a few projects. As a result, although domestic backlogs for commercial handling equipment remain strong, as at the time of writing, they have decreased against the very high levels of a year ago.

AGI's international business decreased in 2014 as a result of the conflict in Ukraine and lower sales at Mepu. Although AGI has made significant progress in its efforts to geographically diversify its international business, a significant portion of its 2014 business plan was directed towards Ukraine and as a result of political and economic volatility there were project delays, most significantly to a port project on the Black Sea. Although management continues to anticipate a favourable outcome with regards to this delayed Ukrainian order it is uncertain when the project will restart. In Ukraine, AGI has added significant new business and continues to quote on new projects, primarily with multinational grain handlers. Similar to most other export credit agencies, EDC is reviewing new business in Ukraine on a case by case basis which will temper AGI's growth in the country. However, as noted above, the vast potential of the country continues to attract considerable interest from multi-national grain traders and other entities with access to financing and accordingly AGI expects to continue to transact significant business in Ukraine.

Excluding the delayed Ukrainian Black Sea project discussed above, AGI entered 2015 with an international sales backlog in excess of $40 million [2014 - $16 million] with close to half of the business in regions outside of Ukraine and Russia. AGI expects sales in 2015 to increase in a number of its international markets, including Latin America where AGI's backlog entering 2015 is approximately $9 million. Projects in the backlog, though subject to change based on customer requirements, are expected to ship in 2015.

AGI's financial results are impacted by the rate of exchange between the Canadian and U.S. dollars and a weaker Canadian dollar relative to the U.S. dollar positively impacts adjusted EBITDA. For the year ended December 31, 2013, AGI's average rate of exchange was $1.10 and accordingly based on the current rate of exchange AGI's financial results in 2015 may significantly benefit from a weaker Canadian dollar compared to the prior year. A portion of the Company's foreign exchange exposure has been hedged through forward foreign exchange contracts.

Sales in 2015 will be influenced by weather patterns, crop conditions and the timing of harvest and conditions during harvest. Changes in global macro-economic factors as well as sociopolitical factors in certain local or regional markets, including the ongoing uncertainty and volatility in Ukraine, and the availability of credit and export credit agency support in offshore markets, also may influence sales, primarily of commercial grain handling and storage products. Results may also be impacted by changes in steel prices and other material input costs and the rate of exchange between the Canadian and U.S. dollars.

On balance, results in the first quarter of 2015 are expected to benefit from strong North American demand and management anticipates adjusted EBITDA will approximate the record level achieved in the first quarter of 2014. Strong demand is expected to continue in the second quarter and the second half of 2015 however management has somewhat less visibility into the balance of the year compared to a year ago. Based on current backlogs and high levels of quoting activity our international business is expected to increase significantly compared to 2014 and have a more diverse geographic base. Based on current conditions and the factors discussed above, and with the favourable tailwind of a weaker Canadian dollar, management maintains a positive outlook towards fiscal 2015.

Dividends

AGI today announced the declaration of cash dividends of $0.20 per common share for the months of March, April and May 2015. The dividends are eligible dividends for Canadian income tax purposes. AGI's current annualized cash dividend rate is $2.40 per share.

The table below sets forth the scheduled payable and record dates:

Monthly dividend	Payable date	Record date
March 2015	April 15, 2015	March 31, 2015
April 2015	May 13, 2015	April 30, 2015
May 2015	June 13, 2015	May 29, 2015

MD&A and Financial Statements

AGI's financial statements and MD&A for the fourth quarter and year ended December 31, 2014 can be obtained at http://media3.marketwire.com/docs/AFN0313Q416.pdf and will also be available electronically on SEDAR (www.sedar.com) and on AGI's website (www.aggrowth.com).

Conference Call

Management will host a conference call at 10:00 am (ET) on Friday, March 13, 2015 to review the Company's 2014 fourth quarter and annual financial results. Persons who wish to participate can access the call using the following numbers: 416-340-8527 or 1-800-355-4959.

A replay of the conference call will be available until March 20, 2015. Those who wish to access the replay may use the following numbers: 905-694-9451 or 1-800-408-3053 (passcode: 2354221).

Company Profile

Ag Growth International Inc. is a leading manufacturer of portable and stationary grain handling, storage and conditioning equipment, including augers, belt conveyors, grain storage bins, grain handling accessories, grain aeration equipment and grain drying systems. AGI has eleven manufacturing facilities in Canada, the United States, the United Kingdom and Finland, and distributes its products globally.

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Non-IFRS Measures

References to “EBITDA” are to profit before income taxes, finance costs, depreciation, amortization, impairment charges related to goodwill, intangibles or available for sale assets.. 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 and expenses related to corporate acquisition activity. 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.

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. References to “gross margin” are to trade sales less cost of sales net of the depreciation and amortization included in cost of sales.

References to “funds from operations” are to cash flow from operating activities before the net change in non-cash working capital balances related to operations and stock-based compensation, less maintenance capital expenditures and adjusted for the gain or loss on the sale of property, plant & equipment. 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. References to “adjusted payout ratio” are to declared dividends paid in cash as a percentage of funds from operations.

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 profit before the non-cash CRA settlement, losses on foreign exchange, transaction costs, non-cash loss on available-for-sale investment and gain on sale of property, plant and equipment.

Forward-Looking Statements

This press release contains forward-looking statements that reflect our expectations regarding the future growth, results of operations, performance, business prospects, and opportunities of the Company. Forward-looking statements may contain such words as “anticipate”, “believe”, “continue”, “could”, “expects”, “intend”, “plans”, “will” or similar expressions suggesting future conditions or events. In particular, the forward looking statements in this press release include statements relating to our business and strategy, including our outlook for our financial and operating performance including our expectations for adjusted EBITDA in 2015. Such forward-looking statements reflect our current beliefs and are based on information currently available to us, including certain key expectations and assumptions concerning anticipated grain production in our market areas, financial performance, business prospects, strategies, product pricing, regulatory developments, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, foreign exchange rates and the cost of materials, labour and services. Forward-looking statements involve significant risks and uncertainties. A number of factors could cause actual results to differ materially from results discussed in the forward-looking statements, including changes in international, national and local business conditions, weather patterns, crop planting, crop yields, crop conditions, the timing of harvest and conditions during harvest, seasonality, industry cyclicality, volatility of production costs, agricultural commodity prices, the cost and availability of capital, foreign exchange rates, and competition. These risks and uncertainties are described under “Risks and Uncertainties” in this press release and in our most recently filed Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company’s forward-looking statements. We cannot assure readers that actual results will be consistent with these forward-looking statements and we undertake no obligation to update such statements except as expressly required by law.