

FOR IMMEDIATE RELEASE



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**AGI ANNOUNCES PLATFORM ACQUISITION IN INDIA**

**Winnipeg, MB, March 11, 2019** – Ag Growth International Inc. (TSX: AFN) (“AGI” or the “Company”) is pleased to announce that it has 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 EBITDA<sup>1</sup> targets. The transaction will be funded by AGI’s revolving credit facility. For the twelve months ended January 31, 2019, Milltec’s sales<sup>1</sup> and EBITDA<sup>1</sup> were \$56.2 million and \$10.1 million, respectively.

Headquartered in Bangalore, India, Milltec is a market leading manufacturer of rice milling and processing equipment in India. The company has 400 full-time employees and operates four production facilities in India, three of them in Bangalore, and one in Chennai. Ravindranath Ramaiah and Rajendran Joghee founded the company in 1998 and each have over 25 years of experience in the rice milling equipment industry. They will continue to provide leadership and vision to Milltec going forward in their roles as Managing Directors of the company. Over the past few years Milltec has also bolstered its management team with the addition of two very experienced individuals, Rajan Aggarwal, Chief Executive Officer, and Ganapathy Subramaniam, Chief Financial Officer.

Completion of the transaction is subject to customary conditions precedent and is expected to close prior to March 31, 2019.

The acquisition of Milltec is the next step in AGI’s 5-6-7 strategy:

- **Geographic diversification:** The acquisition of Milltec moves AGI into the rice processing systems space with a complete product line and establishes AGI’s platform in India. AGI gains seasonal and cyclical diversification through this acquisition.

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<sup>1</sup> See "Non-IFRS Measures" below.

- Complementary product offering and customer base: Milltec adds a complete rice processing product line to AGI's product catalogue.
- Strategic Platform for further consolidation: Milltec provides a platform for further consolidation in India, which is very fragmented across the seed, fertilizer, grain, feed and food industries. The acquisition also provides AGI with greater access to the broader Asian markets.
- Sales, manufacturing and supply chain synergies: AGI has identified several opportunities for sales, operational and supply chain synergies, including the sale, service and support of AGI's current product lines through Milltec's pan-India distribution platform, the sale of Milltec's products across AGI's established global distribution network, and significant advantages in engineering support.
- Growth drivers identified, including: (i) As incomes rise in India consumers are choosing to purchase higher quality, and branded, rice products which is rapidly increasing the size of the rice processing equipment market; (ii) Milltec has recently expanded into pulses and seed equipment adding another lever for growth in the region; and (iii) The additional access to capital that AGI provides will support both domestic and export growth.

*"We are continuing to execute on our 5-6-7 strategy with the acquisition of Milltec, a leading manufacturer of rice processing systems in India. This marks the beginning of a new chapter for AGI as we establish our platform in a large and rapidly growing market and region. Milltec is a launching pad for AGI in India and the broader Asian region with a complete product line for rice as well as providing the manufacturing, design, engineering, service and installation capabilities that AGI will leverage across our current product lines. This comprehensive platform brings a talented management group, excellent manufacturing facilities, pan-India distribution and service teams, as well as turn-key systems capabilities. A perfect fit with our 5-6-7 strategy. Ravindranath and Rajendran have built a great business based on quality products, efficient operations and a dynamic culture that continuously strives to develop new products and provide the highest level of service to their customers,"* said Tim Close, President and Chief Executive Officer of AGI. *"We are proud to welcome Ravindranath, Rajendran, Rajan, Ganapathy and the entire Milltec team to the AGI family."*

## **OVERVIEW OF MILLTEC'S PRODUCT OFFERING**

Milltec manufactures a full line of rice milling equipment including the following:

**Front-end equipment:** Milltec offers a full complement of pre-cleaners, boilers, par-boilers and dryers. This equipment allows for the removal of foreign particles, boiling or par-boiling and drying of the paddy using steam to prepare the grain ahead of processing.

**Milling equipment:** Included in this category are classifiers, gravity separators, de-stoners, pneumatic shellers, thickness graders, whiteners, silky polishers, rotary sifters and length graders.

**End-of-line equipment:** Milltec's colour sorters use optical technology to remove impure grains on the basis of their colour. As well, Milltec sells packaging equipment with a bagging capacity range of 10 to 75 kilograms and features including weighing bins, discharge bins and controls.

In addition to selling rice processing equipment Milltec offers end-to-end turnkey solutions for rice processing activities.

Milltec has also expanded its product portfolio to include pulse, seed, maize and wheat processing equipment as well as ancillary products including silica extraction and co-generation plants.

## **COMPANY PROFILE**

AGI is a leading provider of equipment solutions for agriculture bulk commodities including seed, fertilizer, grain, feed and food processing systems. AGI has manufacturing facilities in Canada, the United States, the United Kingdom, Brazil, France and Italy, and distributes its product globally.

Further information can be found in the disclosure documents filed by AGI with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com) and on AGI's website [www.aggrowth.com](http://www.aggrowth.com).

## **NON-IFRS MEASURES**

References to "EBITDA" are to the unaudited earnings of Milltec before income taxes, finance costs, depreciation and amortization. EBITDA is a non-standardized financial measure that is not calculated or presented in accordance with International Financial Reporting Standards ("IFRS"). Accordingly, it may not be possible to compare Milltec's EBITDA with EBITDA or other financial measures of other companies having the same or similar businesses. We use these non-IFRS financial measures such as EBITDA in addition to, and in conjunction with, results presented in accordance with IFRS (or the accounting principles used to prepare Milltec's financial statements) as we believe they reflect an additional way of viewing aspects of a company's operations that may provide a more complete understanding of factors and trends affecting the company's business. Investors are cautioned that EBITDA should not replace profit or loss as indicators of Milltec's performance, or cash flows from operating, investing, and financing activities as a measure of Milltec's liquidity and cash flows. AGI's method of calculating Milltec's EBITDA may differ from the methods used by other issuers.

In addition, the financial information in this news release 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 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 and Milltec. Forward-looking statements may contain such words as “anticipate”, “believe”, “continue”, “could”, “expect”, “intend”, “plan”, “will” or similar expressions suggesting future conditions or events. In particular, the forward-looking statements in this press release include statements relating to the closing and the anticipated closing date of the Milltec acquisition, the anticipated source of financing for the acquisition, the expected continuing involvement of Milltec's founders and management, our expectations and beliefs with respect to the benefits of the Milltec acquisition including anticipated consolidation, synergies and growth opportunities, and our business plans and strategy following completion of the acquisition. Such forward-looking statements reflect our current beliefs and are based on information currently available to us, including certain key expectations and assumptions concerning, among other things, the timely satisfaction of the conditions to completion of the acquisition, anticipated agricultural production in our market areas including India, financial performance, business prospects, strategies, product pricing, regulatory developments, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, currency exchange rates and the cost of materials, labour, services, AGI's ability to achieve the expected benefits of the acquisition of Milltec, and the anticipated impact of the acquisition of Milltec on AGI's business. 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 cyclicalities, volatility of production costs, agricultural commodity prices, the cost and availability of capital, currency exchange rates, competition, the failure to complete the Milltec acquisition on the terms or on the timing announced or at all and the failure to realize some or all of the anticipated benefits of the acquisition of Milltec. Many of these risks and uncertainties are described under “Risks and Uncertainties” in our most recently filed MD&A and Annual Information Form. These factors should be considered carefully, and readers should not place undue reliance on the Company's forward-looking statements. There can be no assurance that the Company will be able to complete the Milltec acquisition on the terms or on the timing announced or at all or that any of the anticipated benefits of the Milltec acquisition will be realized. 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.